SIXTH

REPORT ON PROGRESS IN MANCHURIA

TO 1939

THE SOUTH MANCHURIA RAILWAY COMPANY

DAIREN, MAY, 1939

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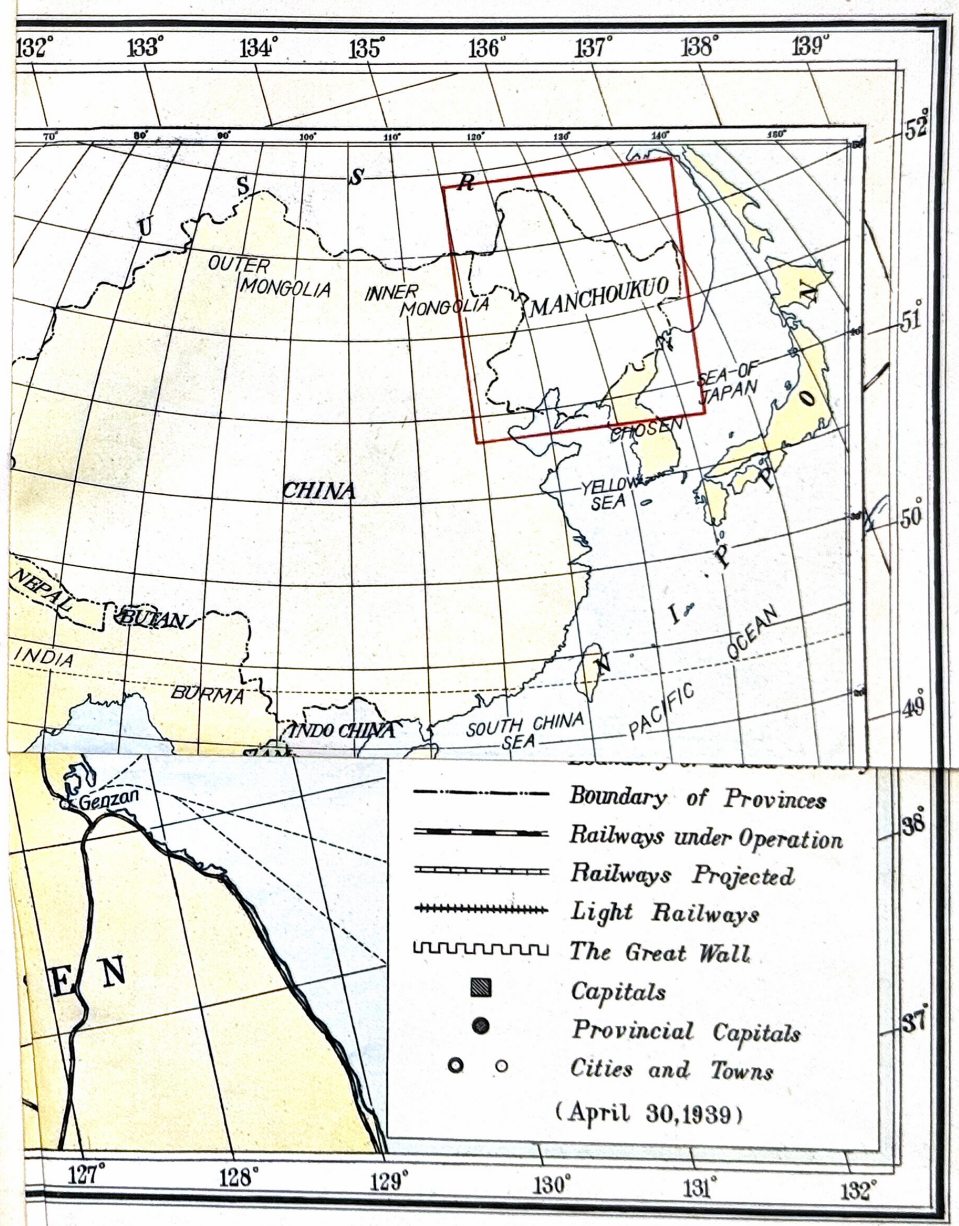

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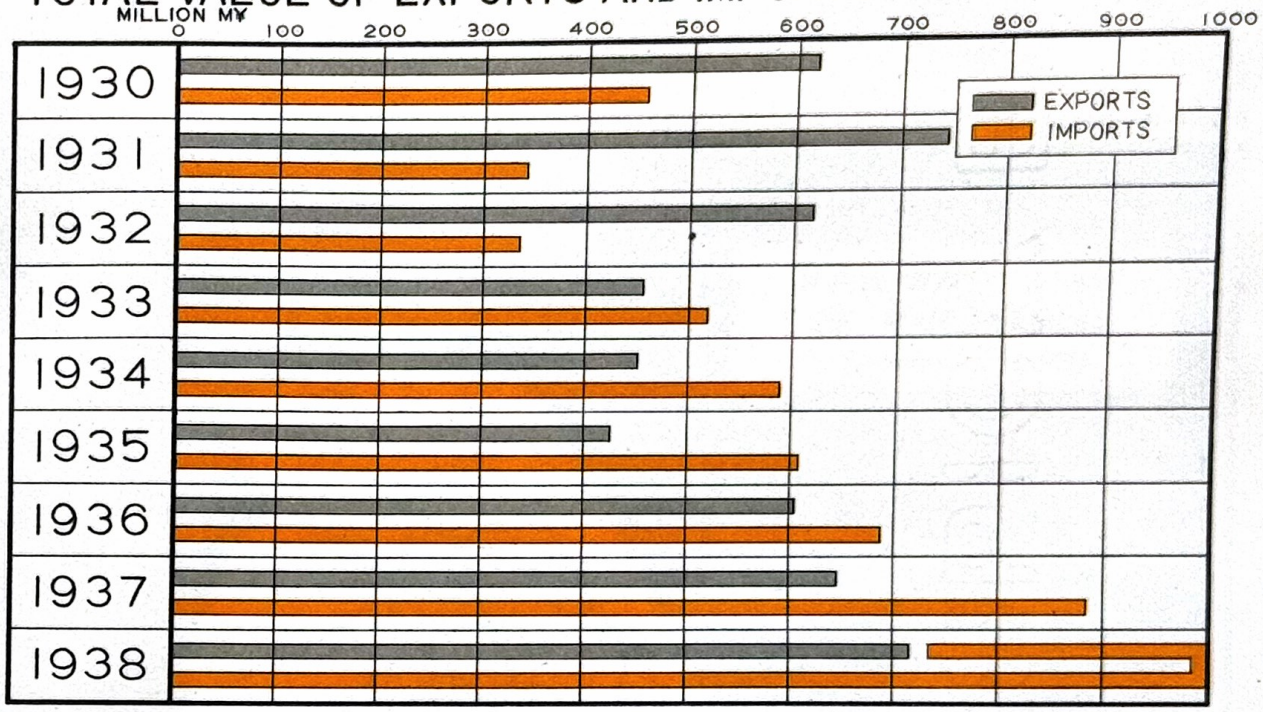

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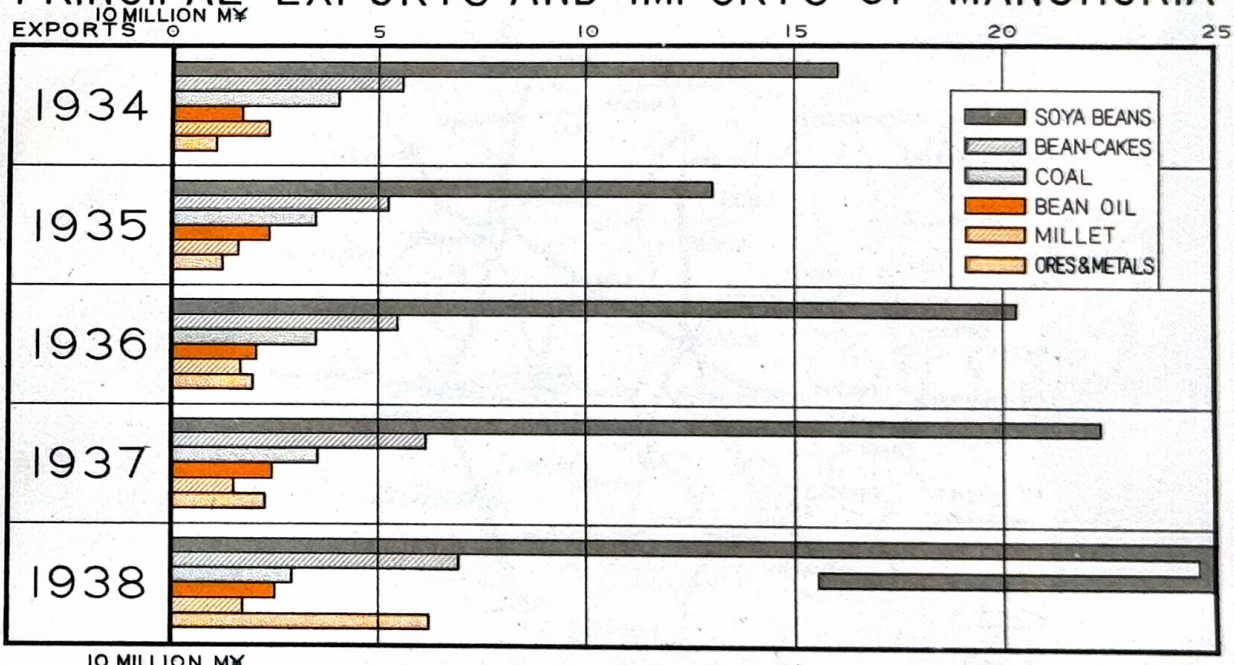

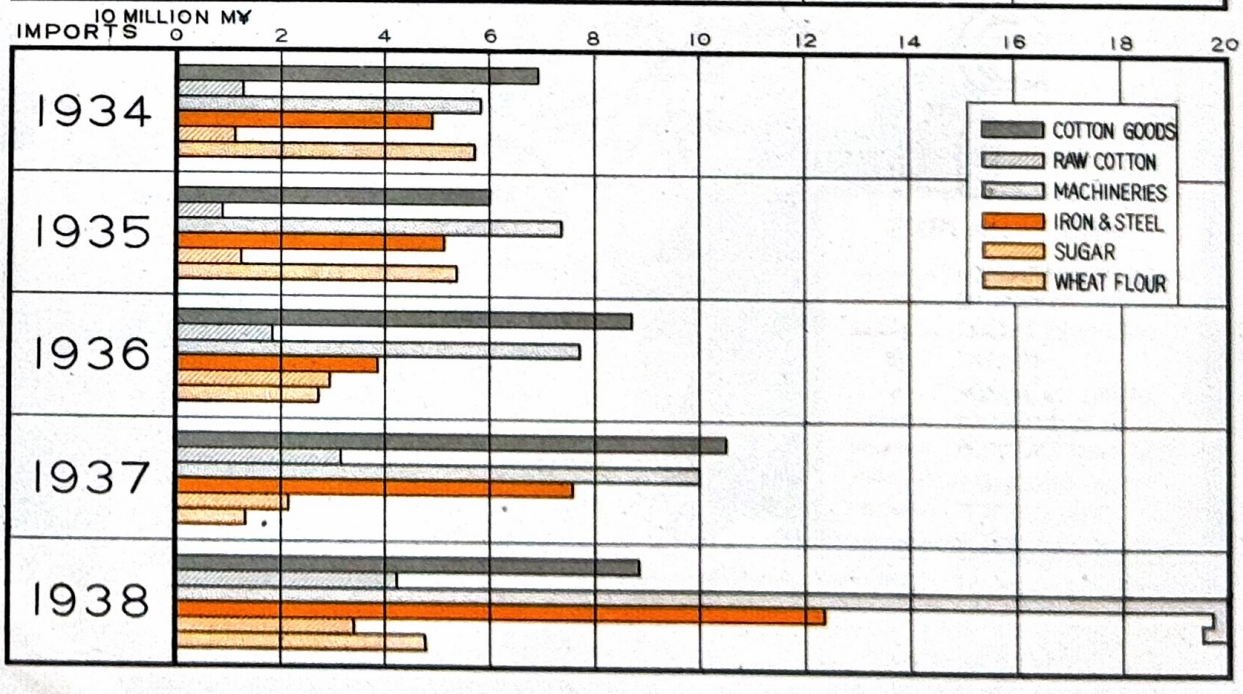

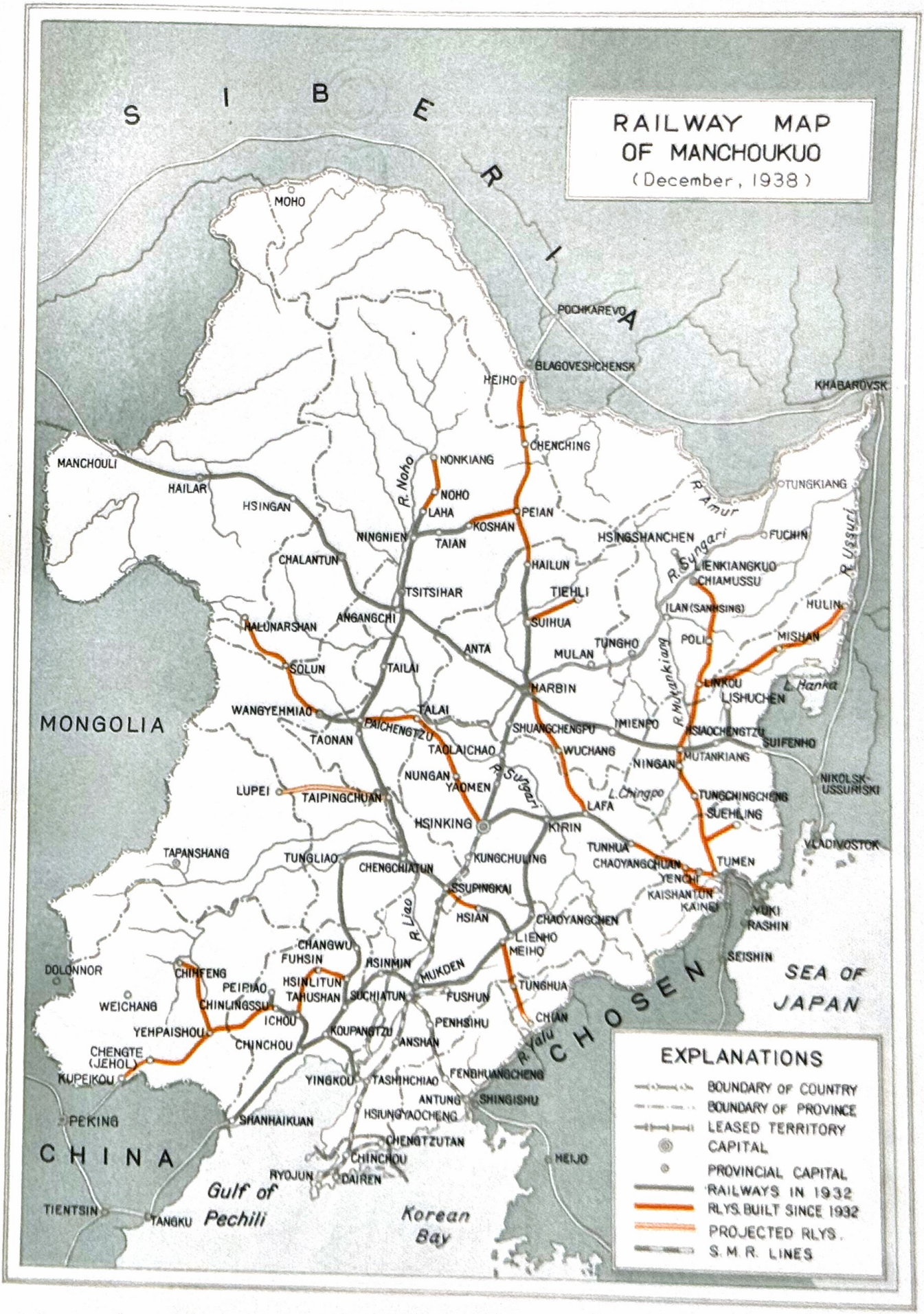
RAILWAY MAP
OF MANCHOUKUO
(December, 1938)
SIBERIA
MOHO
POCHKAREVO
BLAGOVESHCHENSK
KHABAROVSK
HEIHO
CHENCHING
MANCHOULI
HAILAR
NONKIANG
R. Noho
NOHO
LAHA
PEIAN
HSINGAN
NINGNIEN
TAIAN
KOSHAN
HSINGSHANCHEN
R. Amur
TUNGKIANG
R. Sungari
FUCHIN
R. Ussuri
CHALANTUN
HAILUN
LIENKIANGKUO
CHIAMUSSU
TSITSIHAR
TIEHLI
ILAN (SANHSING)
HULIN
HALUNARSHAN
ANGANGCHI
SUIHUA
POLI
MISHAN
ANTA
TUNGHO
MULAN
SOLUN
TAILAI
R. Mutankiang
LINKOU
L. Hanka
HARBIN
LISHUCHEN
WANGYEHMIAO
TALAI
MONGOLIA
PAICHENGTZU
SHUANGCHENGPU
MIENPO
HSIAOCHENGTZU
SUIFENHO
TAONAN
TAOLAICHAO
WUCHANG
MUTANKIANG
NINGAN
NUNGAN
YAOMEN
R. Sungari
L. Chingpo
NIKOLSK-USSURISKI
LUPEI
TAIPINGCHUAN
LAFA
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KIRIN
TUNHUA
VLADIVOSTOK
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R. Liao
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MUKDEN
SEISHIN
DOLONNOR
CHIHFENG
HSINLITUN
TUNGHUA
SEA OF JAPAN
PEIPIAO
TAHUSHAN
SUCHIATUN
FUSHUN
WEICHANG
CHINLINGSSU
ICHOU
PENHSIHU
CHIAN
YEHPAISHOU
CHINCHOU
KOUPANGTZU
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CHINA
CHINCHOU
HEIJO
RYOJUN
DAIREN
Gulf of Pechili
Korean Bay
TIENTSIN
TANGKU
EXPLANATIONS
BOUNDARY OF COUNTRY
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PROJECTED RLYS.
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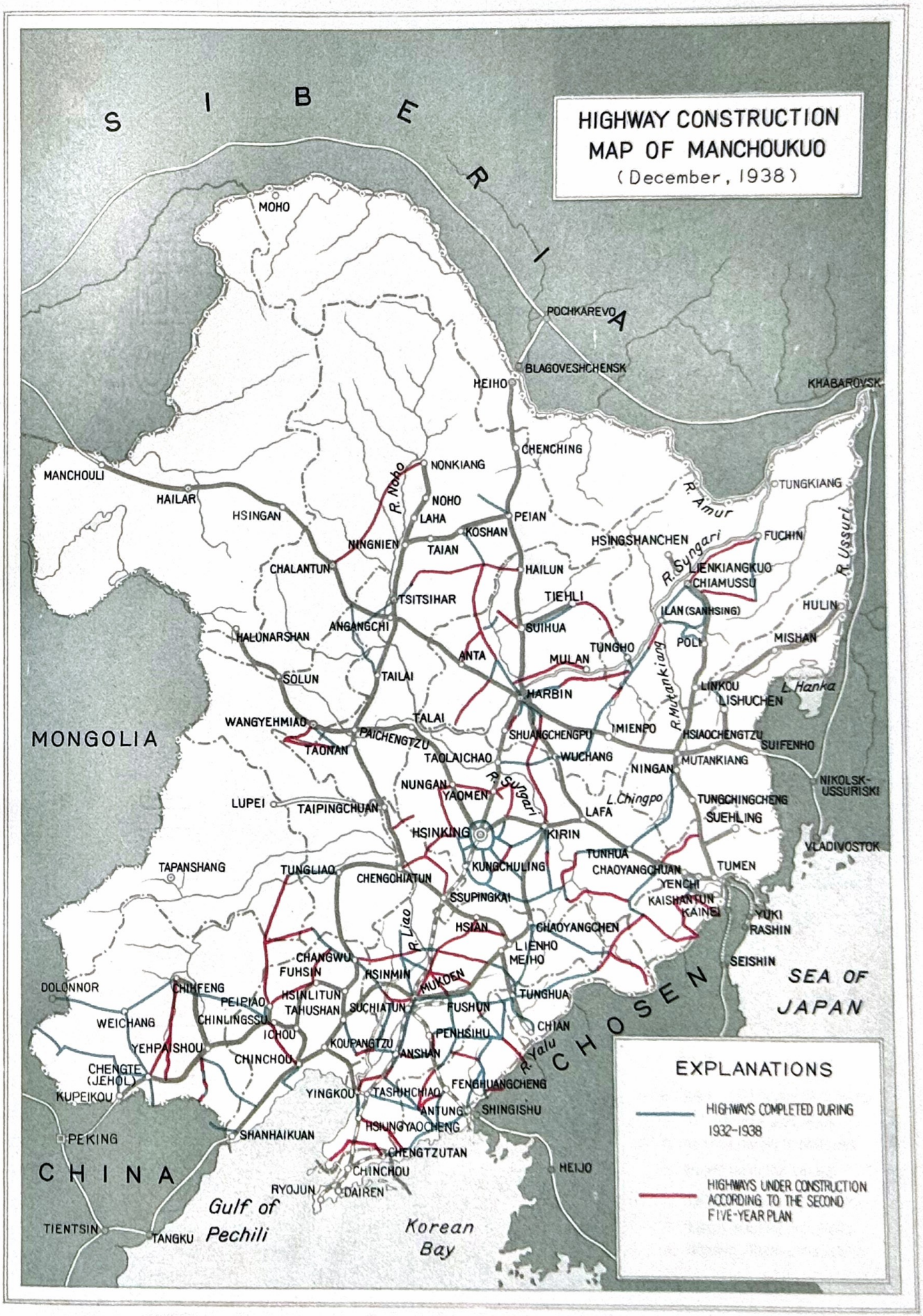
HIGHWAY CONSTRUCTION MAP OF MANCHOUKUO
(December, 1938)
SIBERIA
MOHO
POCHKAREVO
BLAGOVESHCHENSK
KHABAROVSK
HEIHO
CHENCHING
MANCHOULI
HAILAR
HSINGAN
NONKIANG
R. Nonno
NOHO
LAHA
PEIAN
TUNGKIANG
R. Amur
R. Ussuri
KOSHAN
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TJEHLI
ILAN (SANHSING)
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SEA OF JAPAN
DOLONNOR
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SUCHIATUN
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RYOJUN
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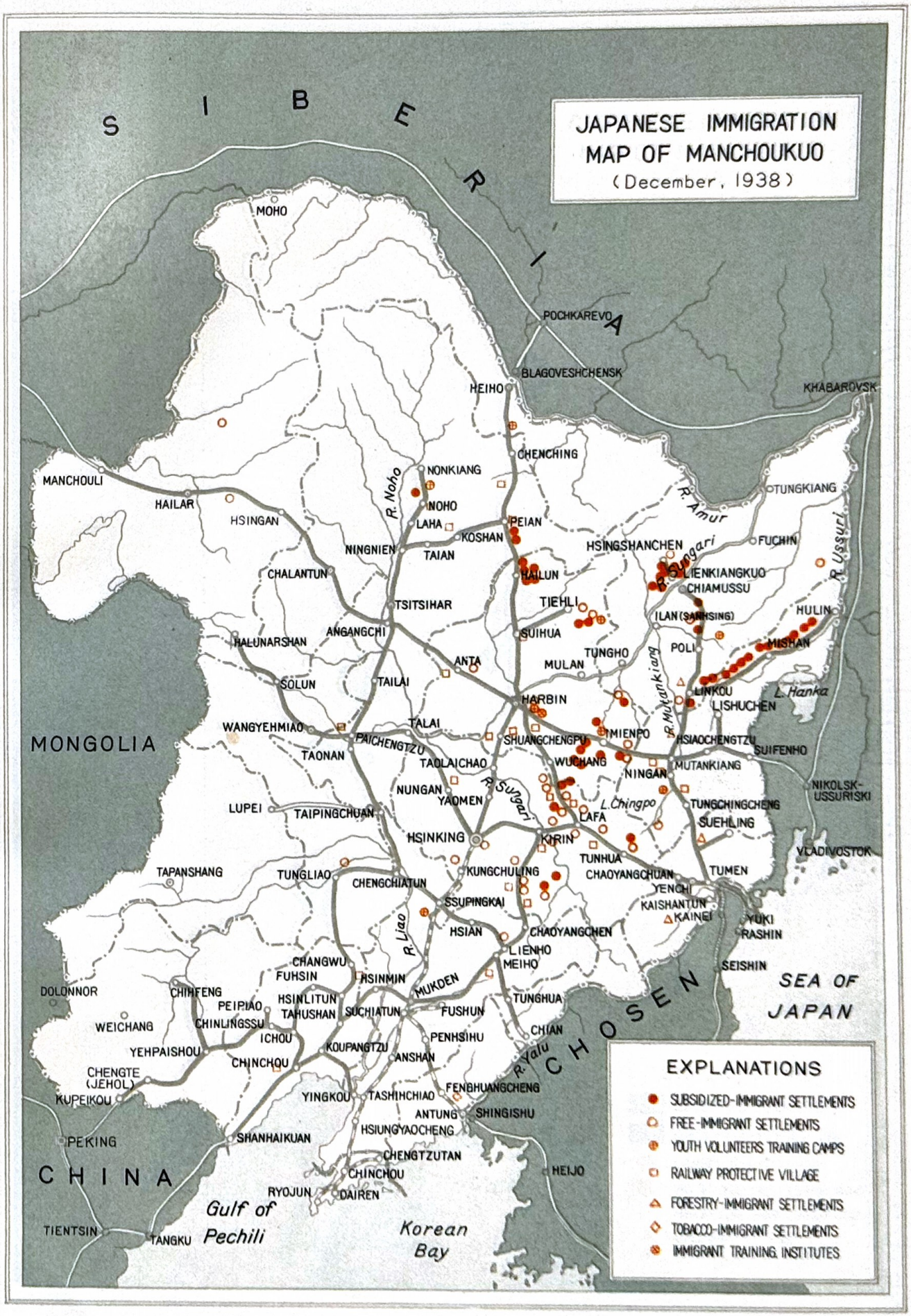
HIGHWAYS COMPLETED DURING 1932-1938
HIGHWAYS UNDER CONSTRUCTION ACCORDING TO THE SECOND FIVE-YEAR PLAN


JAPANESE IMMIGRATION
MAP OF MANCHOUKUO
(December, 1938)
SIBERIA
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CHINLINGSSU
ICHOU
PENHSIHU
CHIAN
YEHPAISHOU
KOUPANGTZU
ANSHAN
CHINCHOU
CHENGTE
(JEHOL)
KUPEIKOU
YINGKOU
TASHIHCHIAO
FENGHUANGCHENG
ANTUNG
SHINGISHU
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R. Ussuri
R. Mutankiang
L. Chingpo
L. Hanka
TUNGKIANG
FUCHIN
HSINGSHANCHEN
LIENKIANGKUO
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ILAN (SANHSING)
HULIN
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POLI
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TUMEN
YENCHI
KAISHANTUN
KAINEI
YUKI
RASHIN
SEISHIN
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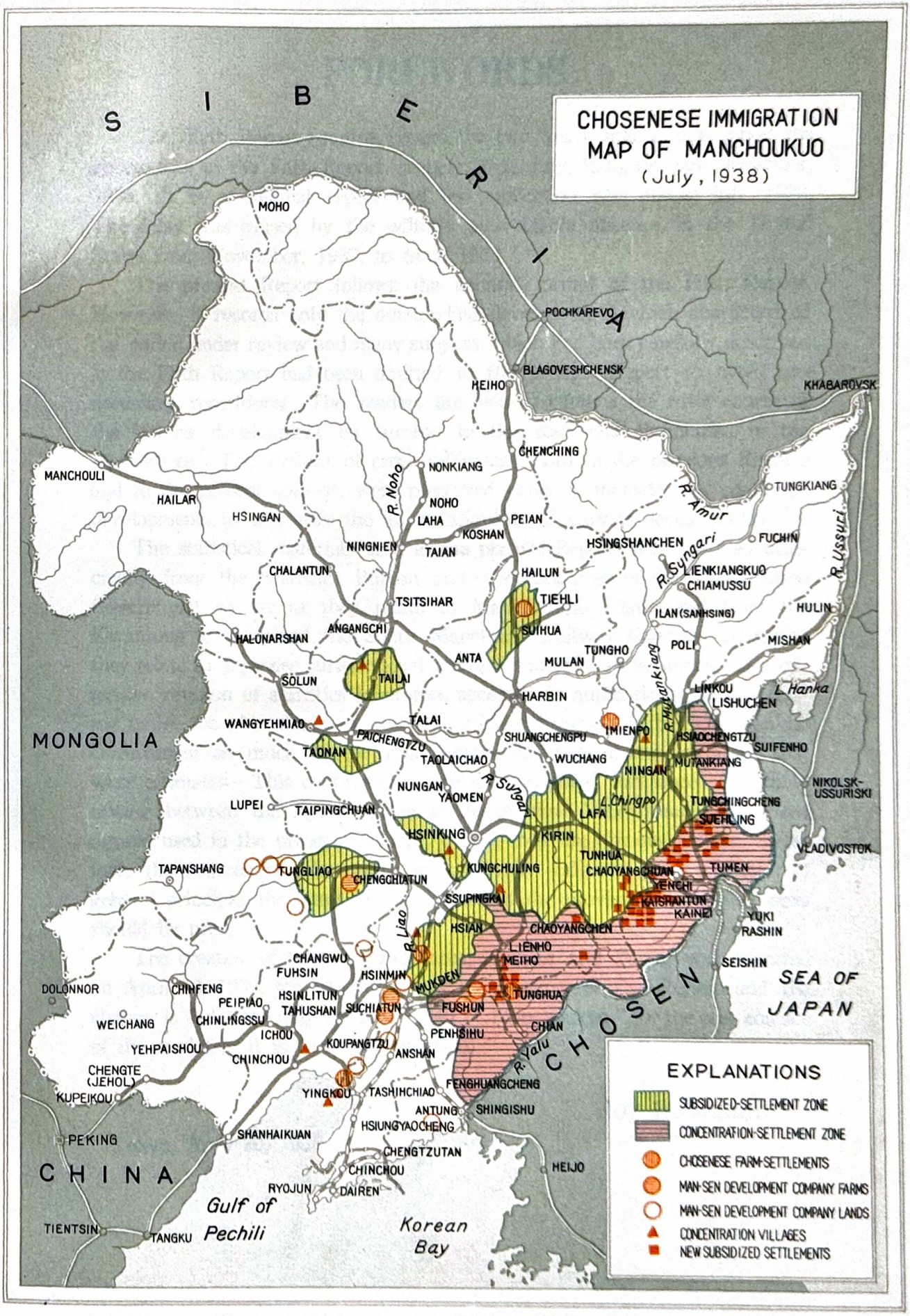
TOBACCO-IMMIGRANT SETTLEMENTS
IMMIGRANT TRAINING INSTITUTES


CHOSENESE IMMIGRATION
MAP OF MANCHOUKUO
(July, 1938)
S I B E R I A
MOHO
POCHKAREVO
BLAGOVESHCHENSK
KHABAROVSK
HEIHO
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HAILAR
NONKIANG
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R. Sungari
LUPEI
TAIPINGCHUAN
HSINKING
KIRIN
L. Chingpo
LAFA
TAPANSHANG
TUNGLIAO
CHENGCHIATUN
KUNGCHULING
TUNHUA
CHAOYANGCHUAN
SSUPINGKAI
HSIAN
CHAOYANGCHEN
R. Liao
LIENHO
MEIHO
CHANGWU
FUHSIN
HSINMIN
MUKDEN
TUNGHUA
DOLONNOR
CHINFENG
PEIPIAO
HSINLITUN
TAHUSHAN
SUCHIATUN
FUSHUN
WEICHANG
CHINLINGSSU
ICHOU
PENHSIHU
CHIAN
YEHPAISHOU
KOUPANGTZU
ANSHAN
CHINCHOU
R. Yalu
CHENGTE
(JEHOL)
KUPEIKOU
YINGKOU
TASHIHCHIAO
FENGHUANGCHENG
ANTUNG
SHINGISHU
HSIUNGYAOCHENG
SHANHAIKUAN
PEKING
CHINA
CHENGTZUTAN
CHINCHOU
RYOJUN
DAIREN
HEIJO
Gulf of Pechili
Korean Bay
TIENTSIN
TANGKU
MONGOLIA
CHOSEN
SEA OF JAPAN
TUNGKIANG
R. Amur
R. Ussuri
HSINGSHANCHEN
R. Sungari
FUCHIN
LIENKIANGKUO
CHIAMUSSU
ILAN (SANHSING)
HULIN
R. Hulankiang
POLI
MISHAN
LINKOU
LISHUCHEN
L. Hanka
HSIAOCHENGTZU
SUIFENHO
MUTANKIANG
NINGAN
NIKOLSK-USSURISKI
TUNGCHINGCHENG
SUEHLING
VLADIVOSTOK
TUMEN
YENCHI
KAISHANTUN
KAINEI
YUKI
RASHIN
SEISHIN
EXPLANATIONS
SUBSIDIZED-SETTLEMENT ZONE
CONCENTRATION-SETTLEMENT ZONE
CHOSENESE FARM-SETTLEMENTS
MAN-SEN DEVELOPMENT COMPANY FARMS
MAN-SEN DEVELOPMENT COMPANY LANDS
CONCENTRATION VILLAGES
NEW SUBSIDIZED SETTLEMENTS

FOREWORDS

The Sixth Report roughly covers the two years and a half since the appearance of the Fifth Report, namely, from July, 1936, through December, 1938. It is a biennial report and its publication was due in July, 1938. The delay was caused by the editor's unavoidable absence in the United States from November, 1937, to May, 1938.

The present Report follows the general format of the Fifth Report. However, it records only the outstanding developments which characterized the period under review and many subjects which had been carefully described in the Fifth Report had been omitted in the present Report to avoid unnecessary repetitions. The readers are asked to follow the main course of the latter's development by turning to the statistical summaries in the Appendices. The system of cross references, both to the previous Reports and to the present context, were preserved either to indicate the continued developments or to clarify the interrelationship of various developments.

The statistical materials used in the present Report were derived principally from the Statistics Bureau and other branches of the Manchoukuo Government so far as they relate to Manchoukuo affairs and from the Kwantung Bureau and the South Manchuria Railway Company so far as they relate to Japanese jurisdictional matters and railway activities. An extensive revision of statistics heretofore accepted as authentic is still progressing under the able direction of the Statistics Bureau of the Manchoukuo Government as much of the Manchurian statistical materials in the past were estimates. This continues to explain occasional differences inevitably arising between the figures given in the previous Reports and the revised figures used in the present Report. Unless they are obviously clear, therefore, the sources of information are generally indicated. As a matter of general principle, the latest figures instead of the previously published ones should be used.

The creation of two new Provinces, Tungan and Peian, was reported on April 18, 1939, too late to revise the context of the Report and the change is indicated only on the "Map of Manchoukuo" for the convenience of the readers. It is, however, unofficial.

ROY H. AKAGI

Tokyo, April 20, 1939.

I POLITICAL DEVELOPMENT

1 Stabilization of Manchou Empire

The emergence of Manchoukuo and the declaration of her independence from China ushered in a new era in Manchuria and the Far East. In the midst of skeptical but scrutinizing international observance, the new State undertook a gigantic task of national reconstruction and its achievements during the first eight years of statehood have been nothing short of a marvel. In many respects, it has successfully carried out reforms which were believed to be practically impossible under the former military regime, and the epochal progress widens its horizon and deepens its penetration as the first five-year plan was successfully concluded and the second five-year plan was auspiciously inaugurated in 1937.

The backbone of this marvelous achievement is without doubt the successful execution of political reconstruction, the building of a modern State on the ruins of feudalistic war-lordism. Most significant in this sense was the official transition from Manchoukuo to Manchoutikuo or the Manchou Empire on March 1, 1934, when His Excellency Chief Executive Pu Yi was enthroned as Emperor Kangte. It may be recalled that Manchuria is the home of the Manchous, whence they sprang, and that Emperor Kangte is the last of the Manchou Dynasty, who ascended China's dragon throne as a child but who was deposed when the revolution resulted in the establishment of the Republic of China in 1911.

Under the Organic Law of the Manchou Empire of 1934 (For the text see Fourth Report, Appendix No. 18), the State is completely centralized in the Throne. The Emperor represents the State; supervises the sovereign rights and exercises them in accordance with the Organic Law; issues or causes to be issued ordinances for the maintenance of public peace and order and for the execution of laws; possesses the power to declare war, to make peace, and to conclude treaties; enjoys the supreme command of the army, navy, and air forces; and has the power to grant amnesty, special pardon, commutation of punishment, and restoration of civil rights. The Privy Council advises the Emperor on His various functions, while the legislative, judicial, and administrative authorities execute their respective functions under His general supervision. The people are guaranteed the freedom and rights of their life and property, which guarantees were completely lacking before the establishment of Manchoukuo. The basic philosophy of the Empire is the "Wangtao" or the "Way of Benevolent Ruler."

To perpetuate the Imperial Throne thus instituted and to strengthen the foundation of the Empire, the "Law Governing Succession to the Imperial Throne of the Empire of Manchou" was promulgated on March 1, 1937, on the occasion of the fifth anniversary of the founding of the State. It (For the text, see Appendix III, No. 3) established the fundamental principle that the first ancestor of the Imperial lineage of Manchoukuo shall be H. I. M. the Emperor Kangte, and that the Imperial Throne shall be succeeded to by His Majesty's Imperial descendants for ages eternal. It then clarified

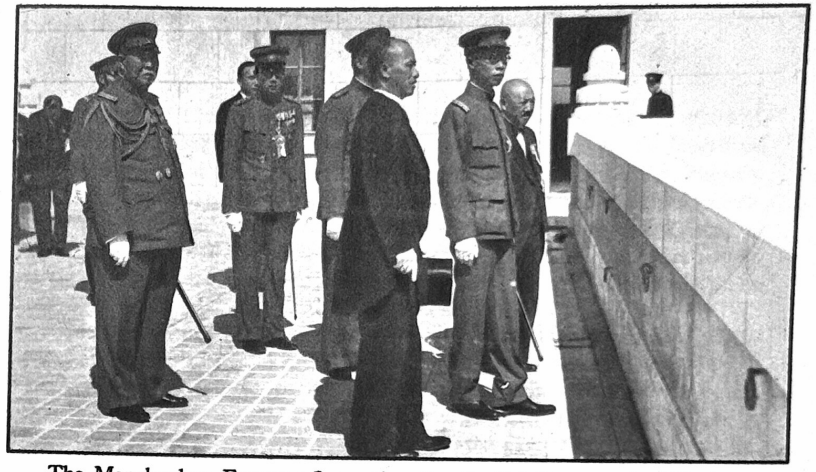
the order of succession, first by the "Imperial eldest son," then by the "Imperial eldest grandson," and lastly by the "Imperial son next in age and by his descendants." When none of these descendants is available, then the succession reverted first to the "Imperial brother and his descendants," then to the "Imperial uncle and his descendants," and lastly to the "nearest member among the rest of the Imperial Family and his descendants." The Law decreed one notable exception, namely, that "when the Imperial heir is suffering from an incurable disease of mind or body, or when any other weighty cause exists, the order of succession may be changed in accordance with the foregoing provisions with the advice of the Privy Council."

Orchid has been designated as the Imperial flower and the Imperial crest has been designed from this honored flower.

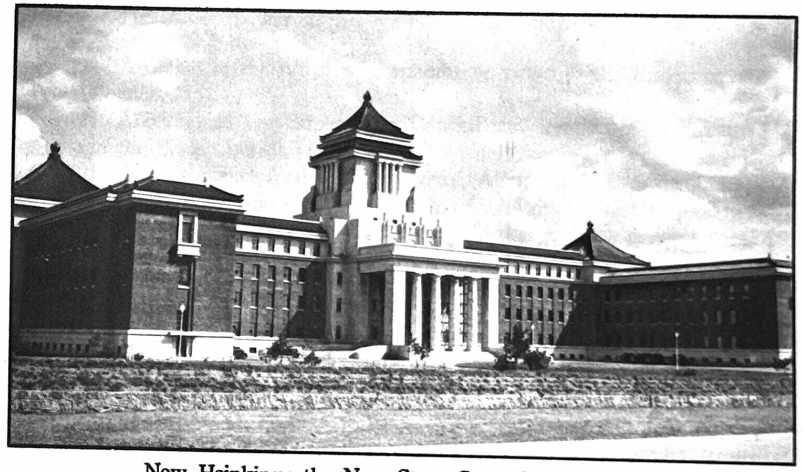
2 Political Reorganization in Manchoukuo

During the first five years of Manchoukuo statehood, chief effort in the sphere of national administration was directed toward the abolition or reform of all vestiges of the former regime and the perfection of a centralized machinery of administration through the incorporation of new constitutional principles. Thus was introduced the system of four independent branches of administration peculiar to Manchoukuo, namely, the State Council, the Legislative Council, the Courts of Justice, and the Supervisory Council. The Prime Minister headed the State Council and controlled the Ministers of eight Departments, namely, Civil Affairs, Foreign Affairs, Defence, Finance, Industry, Communciations, Justice, and Education. The Hsingan Provincial Bureau within the State Council was later modified and raised to the Status of a Department under the name of the Department of Mongolian Affairs, thus completing the system of nine Departments. The Imperial Household Department looked after the affairs of the Imperial Household while the Privy Council advised the Emperor on important State affairs. And thus, for the first time in its history, Manchuria came to enjoy the real benefit of statehood with its administrative organs in the modern sense of the term (For details, see Fifth Report, Section 1).

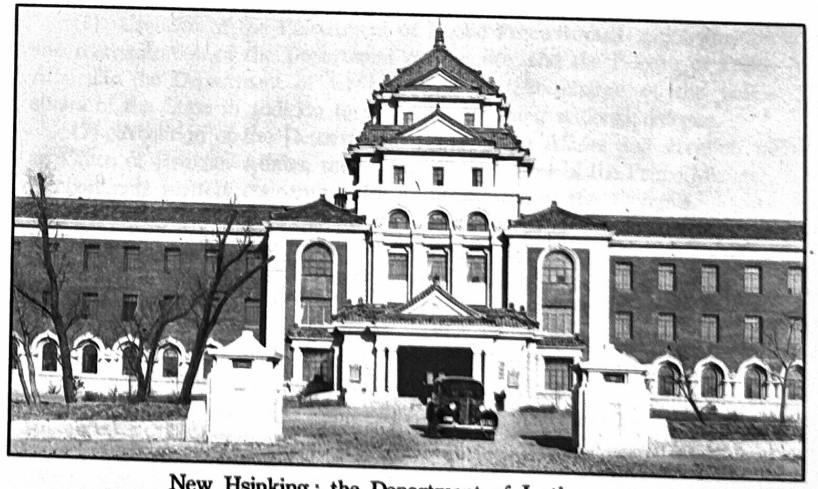
After five years of experimentation and regimentation, however, a readjustment in various phases of national administration became a matter of necessity and a serious study was instituted in that direction. As a preliminary to this projected reorganization, the first large-scale change in the personnel of the Government was announced on May 7, 1937. On that date, Chang Yen-ching, the Minister of Foreign Affairs, Ting Chien-hsiu, the Minister of Industry, Feng Han-ching, the Minister of Justice, and Chi-mo-te-sai-mu-pei-lo, the Minister of Mongolian Affairs, all of whom had occupied important positions in the Government ever since 1932, were formally relieved of their posts at their requests. Immediately following their resignation, Marshall Chang Ching-hui, the Prime Minister, was appointed concurrently to the portfolios of Foreign Affairs and Mongolian Affairs, and Chang Huan-hsiang, a former official of the Manchoukuo Concordia Association, was named the Minister of Justice. At the same time, Chi-mo-te-sai-mu-pei-lo was appointed a Privy Councillor while President Lo Chen-yu of the Supervisory Council and Privy Councillors Tseng Yun and Pao Hsi resigned. In addition, Sun Chih-chang, former Minister of Finance, became



The Manchoukuo Emperor Inspecting the Capital Construction Works



New Hsinking: the New State Council Building



New Hsinking: the Department of Justice

the Minister of Civil Affairs; Han Yun-chieh, former Mayor of Hsinking Special Municipality, was made the Minister of Finance; and Lu Jung-huan, former Minister of Civil Affairs, was appointed the Minister of Industry. General Yu Chih-shan, Li Shao-keng, and Yuan Chen-te were reappointed respectively to the portfolio of Defence, Communications, and Education. Hideo Terazaki and Kotaro Ueda were named to fill the vacancies respectively as the Acting President of the Supervisory Council and the Acting Mayor of the Hsinking Special Municipality.

More sweeping and important was a complete reorganization of the national administrative machinery itself which was effected as of July 1, 1937. The main features of this momentous reorganization were the reversion to the system of three independent branches of administration, namely, the State Council, the Legislative Council, and the Courts of Justice, and the reshuffling of the number of Departments to six, namely, Public Peace, People's Welfare, Industry, Finance and Commerce, Communications, and Justice. The salient points in the reorganization may be summarized as follows:

(1) Abolition of the practice of submitting views to the throne by the Privy Council.

(2) Abolition of the Supervisory Council and creation of a Bureau of Audit in the State Council.

(3) Establishment of an Office of Home Affairs in the State Council to take charge, under the direct supervision of the Prime Minister, of matters concerning the general guidance of local organization and the general supervision of provincial governors.

(4) Inauguration of a Planning Council, under the direct control of the Prime Minister, to study and to deliberate upon basic national policies.

(5) Abolition of the Department of Foreign Affairs and creation of a new Office of Foreign Affairs, under the direct supervision of the Prime Minister, to take charge of matters concerning the supervision of envoys and consuls abroad, international negotiations, guidance and protection of nationals abroad, and investigations of international political affairs, transferring matters concerning commercial affairs to the new Department of Finance and Commerce.

(6) Creation of the Department of Public Peace through amalgamation and reorganization of the Department of Defence and the Bureau of Police Affairs in the Department of Civil Affairs, to take charge of the police affairs of the State in addition to matters concerning national defence.

(7) Abolition of the Department of Mongolian Affairs and creation of an Office of Hsingan Affairs, under the direct control of the Prime Minister, to coordinate matters concerning the administration of the Mongols.

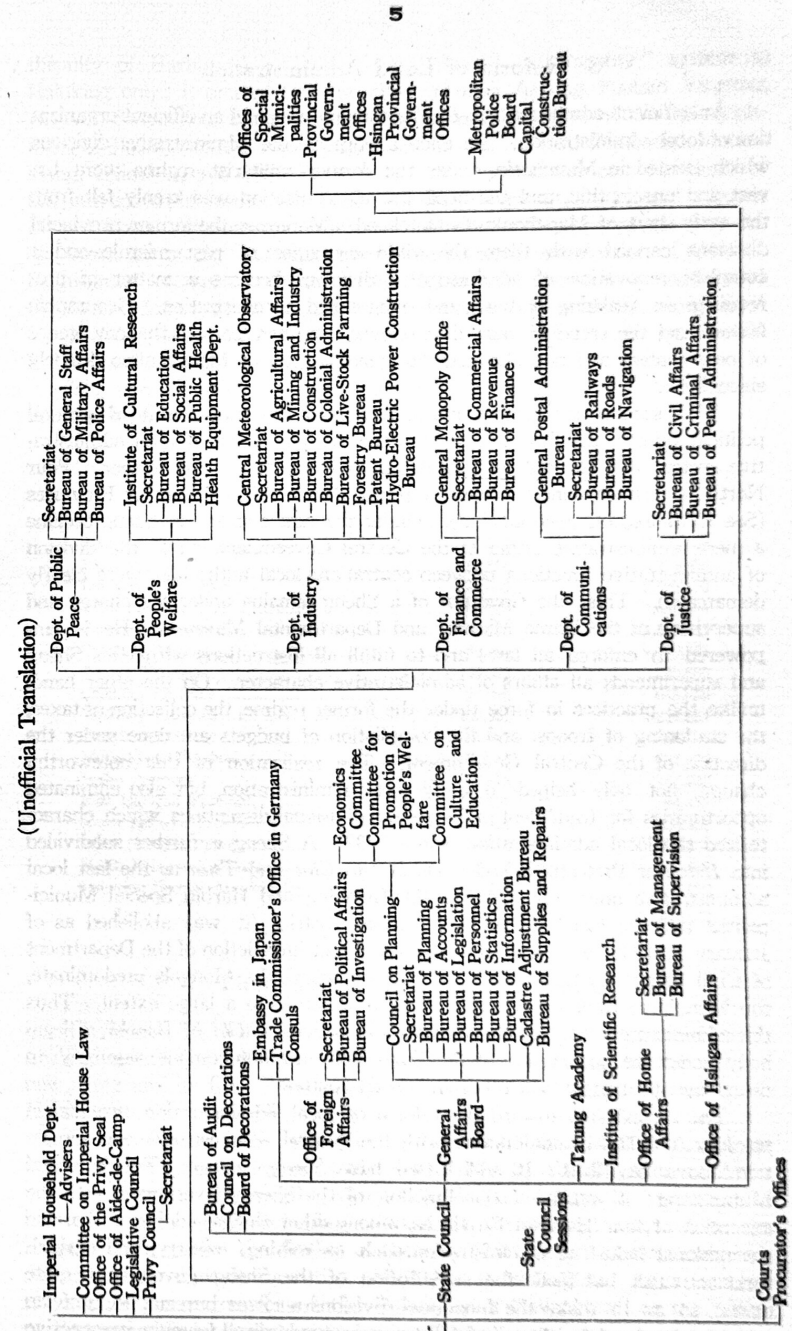
(8) Reorganization of the existing Departments of Civil Affairs, Industry, Finance, Communications, and Education into four Departments of People's Welfare, Industry, Finance and Commerce, and Communications: (a) the Department of People's Welfare to take charge chiefly of administration concerning education, social affairs, public health, stabilization of people's life, and elevation of national spirit; (b) the Department of Industry to take charge of administration concerning industrial activities in general and exploitation and conservation of national resources, incorporating within it the Bureau of Live-Stock Farming into which is merged the Horse Administra-

tion Bureau of the former Department of Defence, the Bureau of Forestry, the Patent Bureau, and the Hydro-Electric Power Construction Bureau, and abolishing the Provisional Industrial Research Bureau; (c) the Department of Finance and Commerce to take charge of administration concerning the financing of exploitation and conservation of natural resources and other matters connected therewith, incorporating within it the General Monopoly Office and the Weights and Measures Examination Office, formerly the Weights and Measures Bureau; (d) the Department of Communications to take charge of administration concerning communication and transportation, incorporating within it the General Postal Administration Bureau and the Bureau of Navigation.

(9) Continuation without modification of the Department of Justice and its courts.

This drastic reorganization of the Government was followed by an almost complete change in the personnel of high officials. General Chang Ching-hui was reappointed to occupy the responsible position of the Prime Minister. Other Ministers appointed are Public Peace, General Yu Chih-shan, former Minister of Defence; People's Welfare, Sun Chih-chang, former Minister of Civil Affairs; Industry, Lu Jung-huan, former Minister of Industry; Finance and Commerce, Han Yun-chieh, former Minister of Finance; Communications, Li Shao-keng, unchanged; and Justice, Chang Huan-hsiang. Hsi Chia was reappointed the Minister of Imperial Household and Tsang Shih-yi as the President of the Privy Council, while Tsai Yun-sheng was appointed the Chief of the Foreign Affairs Office.

In a graphic form, the new Government organization of Manchoukuo appears as follows:



3 Reform of Local Administration

An efficient administration of Manchoukuo required an efficient organization of local administration. For such a purpose, the administrative divisions which existed in Manchuria under the former militarist regime were too vast and unscientific, and the need for reorganization was keenly felt from the early days of Manchoukuo's statehood. Moreover, the former provincial divisions carried with them the vivid memories of past misrule and a complete renovation of administrative divisions became a matter of prerequisite in realizing a new and enlightened administration. Geographic factors and the trend of new development too had caused the emergence of new centers and had changed the general map of Manchoukuo decidely since 1932.

With such a background and in line with the same spirit of general political reform, the first step toward the reorganization of local adminstrative system was effected on December 1, 1934, when the former "Four North-Eastern Provinces" were replaced by fourteen *Sheng* or Provinces (See Fifth Report, Sections 1–2). Under the new system, the Sheng became a mere administrative organ of the Central Government, while the division of administrative functions between central and local authorities were clearly demarcated. Thus, the Governor of a Sheng remains under the charge and supervision of the Prime Minister and Departmental Ministers. He is empowered to enforce all laws and to fulfill all instructions within his Sheng and superintends all affairs of administrative character. On the other hand, unlike the practices in force under the former regime, the collection of taxes, the stationing of troops, and the compilation of budgets are done under the direction of the Central Government. The realization of this noteworthy change, not only helped to unify local administration, but also eliminated opportunities for fraudulent practices and divisional dissentions which characterized the local administration before 1932. A Sheng is further subdivided into *Hsien* or Prefectures and a Hsien into *Chu* and *Tsun* as the last local administrative units. In addition, the Hsinking and Harbin Special Municipalities and the North Manchuria Special District (it was abolished as of January 1, 1936) were placed under the direct jurisdiction of the Department of Civil Affairs. Moreover, in the districts where the Mongols predominate, the Mongolian tradition was followed and preserved to a large extent. Thus the administrative unit of the Hsingan Provinces is *Chi* or Banner, a legal body under the supervision of the State with an autonomous assembly to determine the budget and other important matters.

The second step toward the reform of local administration was taken on July 1, 1937, in conjunction with the general administrative reorganization above described. It added two new *Sheng*, namely, Tunghua and Mutankiang; it expanded the function of the Sheng government with the exception of four Hsingan Provinces, among other things, adding a share in the national industrial administration such as mining, forestry, and agricultural activities, but made the constitution of the Sheng government quite elastic so as to make the functional divisions such as bureaux to conform with the local needs instead of following a standardized formula irrespective of needs; it created new offices of Deputy-Governor and Provincial Counsellor; it abolished the Harbin Special Municipality and incorporated it into

the city of Harbin, thus limiting the "Special Municipality" system to Hsinking only; it created ten new cities, namely, Antung, Fushun, Yingkou, Anshan, Ssupingkai, Liaoyang, and Tiehling in anticipation of the relinquishment of Japan's extraterritorial rights within the S. M. R. Zone, and Mutankiang, Chinchou, and Chiamussu; it left the organization and functions of *Chi* untouched; it instituted a Police Bureau in each city; it created a fourth District Postal Administration Office at Chinchou and prepared the way for the expansion of city and village postal functions in anticipation of the relinquishment of Japan's extraterritorial rights. In short, it strengthenend the local administrative machinery to cooperate fully with the reorganized central Government but made its organization adjustable to the local needs rather than following a standardized formula.

The new administrative divisions with their respective areas and population at the end of 1937 were as follows:

PROVINCES IN MANCHOUKUO

Provinces	Area Sq. Km.	Population
Fengtien Province	75,522	9,391,982
Kirin Province	89,656	5,223,558
Lungkiang Province	125,536	2,509,170
Jehol Province	66,585	3,635,664
Pinkiang Province	87,110	4,545,437
Chinchou Province	39,462	4,190,561
Antung Province	26,603	2,225,660
Chientao Province	29,395	645,020
Sankiang Province	107,545	1,224,551
Tunghua Province	31,647	796,788
Mutankiang Province	57,245	637,370
Heiho Province	109,813	67,562
East Hsingan Province	106,751	94,455
South Hsingan Province	79,021	824,486
West Hsingan Province	80,410	515,355
North Hsingan Province	160,396	87,661
Hsinking Special Municipality	446	334,692
Total	1,303,143	36,949,972

4 First Manchoukuo Premier Passes

On March 28, 1937, Manchoukuo lost her great statesman and noble guiding spirit. On that date, Cheng Hsiao-hsu, one of the founders of the new State and its first Prime Minister, passed away at his residence in Hsinking at the age of 79.

Cheng Hsiao-hsu left behind him a record of distinguished achievements as poet-philosopher, statesman, and tutor to H. I. M. the Emperor of Manchoukuo from the days of the ruler's childhood and refuge in Tientsin. He helped to organize Manchoukuo, served as adviser and assistant to the Emperor, and guided the destiny of the new State as its first Prime Minister during a most difficult formative period during 1932–1935. As a scholar-philosopher, an expounder of the philosophy of "Wangtao" or the "Way of Benevolent Ruler." and an eminent calligrapher, he had occupied an unrivalled position.

The Government of Manchoukuo recognized the unselfish and illustrious

services of the late statesman by according him the State Funeral Rites. Thus, the ceremony of receiving Imperial condolence was held on April 19; the funeral services were held at the Tatung Park in Hsinking on April 20; and the final burial rites were performed on July 3 near the Tungling or East Mausoleum in Mukden. The Emperor of Manchoukuo, in recognition of the deceased statesman's meritorious services to the State, conferred upon him a unique honor in the form of the Grand Order of Merit with the Grand Cordon of the Lanhua (Orchid). This is the highest decoration of the State and the late ex-Premier was the first Manchoukuo citizen upon whom it was ever conferred.

5 Reorganization of Japanese Jurisdiction

Up to 1931, the Japanese jurisdiction in Manchuria presented a quadruple front, the Kwantung Government in the Leased Territory, the South Manchuria Railway Company in the Railway Zone, the Consulates in various consular districts, and the Kwantung Army. Although each one of these organs had its own special mission, the desire for a unified administration was growing everywhere.

The outbreak of the Manchurian Incident and the subsequent establishment of Manchoukuo helped to materialize this desire in a sweeping change which was effected in 1932. Under the new three-in-one system, the Commander of the Kwantung Army became simultaneously the Governor of the Kwantung Leased Territory and the Ambassador to Manchoukuo. This was an improvement but various difficulties were still felt both in Manchuria and in Tokyo. This was largely due to the fact that the shift was made only on the Manchurian front and no changes were effected at the sources of control in Tokyo.

After a further study, therefore, another sweeping reorganization was effected late in 1934 (For details, see Fifth Report, Section 3). This time, the two-in-one unification was effected by combining the Commander of the Kwantung Army and the Ambassador to Manchoukuo. The office of the Governor of the Kwantung Leased Territory was abolished and a new office was created under the name of the Kwantung Bureau. The General Director of the Kwantung Bureau and the Councillor of the Embassy, both under the direction of the Ambassador, respectively supervised the general Japanese jurisdiction and the diplomatic activities in Manchuria, while the Governor of the Kwantung District Government at Port Arthur, removed to Dairen in 1937, administered the Kwantung Leased Territory under the general supervision of the General Director of the Kwantung Bureau and the South Manchuria Railway Company came under the direct supervision of the Ambassador. In Tokyo, a new office was created under the name of the Manchurian Affairs Bureau under the Cabinet supervision and the Prime Minister supervised the jurisdictional activities of the Ambassador through this office, while the Foreign Minister supervised only the purely diplomatic details of the Ambassador through the Councillor of the Japanese Embassy at Hsinking. Moreover, the Army Minister simultaneously held the office of the President of the Manchurian Affairs Bureau, thus effecting the coordination between the civil and military administrations. General Jiro Minami became the first Ambassador and Commander-in-Chief of the Kwantung Army, succeeded in

1936 by General Kenkichi Uyeda who continues to serve in the same office to-day.

The relinquishment of extraterritoriality in Manchoukuo and the transfer of the administrative rights over the S. M. R. Zone as of December 1, 1937, again necessitated a slight reorganization in the Japanese jurisdiction, although the general principle of two-in-one administration remains unchanged. The changes were effected by an Imperial Ordinance dated December 1, 1937, which went into force on the same day. In the Kwantung Bureau, the Police Department was abolished with the transfer of Janpanese police forces to Manchoukuo and the Education Department was created to supervise School Associations and Federation of School Associations (See below, Section 14 : 2) which took over Japanese educational activities in Manchuria. In the Kwantung District Government, all offices including police and postal services which were operating in the S. M. R. Zone were transfered to Manchoukuo, two Departments of Finance and Civil Engineering were added, and the Dairen Civil Administration Office was abolished, placing the City of Dairen under the direct supervision of the Kwantung District Government which was already moved from Port Arthur to Dairen. Moreover, various activities of purely Japanese character which were carried on by post offices in the S. M. R. Zone were entrusted to similar Manchoukuo post offices for the time being (See below, Section 15).

Another far-reaching result of the relinquishment of extraterritoriality, including consular jurisdiction, was the abolition of several Japanese consulates in Manchoukuo. This momentous decision was announced by the Japanese Embassy in Hsinking early in January, 1939. The shift included the abolition of Consulates-General at Mukden, Kirin, and Tsitsihar and Consulates or branches at Antung, Chinchou, Chengte, Chihfeng, Paichengtzu, and Yenchi, leaving open for the time being the Consulates-General at Hsinking and Harbin and Consulates in Northeast Manchuria. The Mutankiang Branch of the Harbin Consulate-General and the Hunchun Branch of the Yenki Consulate were raised to regular Consulate in view of the growing importance of north-eastern frontiers.

6 Growing Radius of International Recognition

Manchoukuo's gradual coming of age is attested by the growing radius of international recognition. Japan led the way and her lead was successively followed by El Salvador, the Holy See, Germany, Italy, the Nationalist Spain, Poland, and Hungary.

(1) *Japanese Recognition.* Ten days after her independence, Manchoukuo forwarded to Japan and 15 other nations notes announcing the establishment of the new State and at the same time expressing her desire to enter amicable relations with them. The Japanese recognition took the form of the Japan-Manchoukuo Protocol which was signed on September 15, 1932. Under this Protocol, the two neighbors in East Asia bound themselves to take measures of joint defence against aggression under the understanding that a menace to either party's territorial integrity and domestic security would be deemed as such to those of the other.

(2) *Salvadorian Recognition.* On March 1, 1934, Manchoukuo became officially Manchoutikuo or the Manchou Empire with the enthronement of

the Emperor. Two days later, on March 3, El Salvador formally extended her recognition to Manchoukuo. As an expression of mutual good-will, personal letters expressing a desire for amity were later exchanged between H. I. M. the Emperor of Manchoukuo and the Salvadorian President.

(3) *Recognition by the Holy See.* Following the recognition by El Salvador, the Holy See on April 18, 1934, also accorded recognition to Manchoukuo by dispatching a special missionary envoy to Hsinking. The Holy See's move favorably affected the position of a number of Catholic missionaries in Manchoukuo, China, and elsewhere in East Asia and greatly enhanced the prestige of Manchoukuo in the eyes of the Catholic nation of the world.

(4) *German Recognition.* The German-Manchoukuo Trade Agreement was concluded on April 30, 1936, Germany thus according *de facto* recognition to Manchoukuo. Two years later, on April 20, 1938, the Third Reich, through Reichsfuehrer Adolf Hitler expressed its intention of according *de jure* recognition to Manchoukuo. This announcement was followed by actual negotiations for a treaty of amity, stipulating the Reich's formal recognition of Manchoukuo, and the German-Manchoukuo Treaty of Amity was officially signed at Berlin by the representatives of the two Governments on May 12, 1938. The Manchoukuo Government ratified the treaty on June 10 and the German Government did the same on July 13, the two Governments entering into diplomatic relations on July 15, 1938. (See below, Section 34, for Manchoukuo-German Trade Agreement.)

(5) *Recognition by Italy.* The Italian Government, on November 20, 1936, officially informed the Manchoukuo Government of its desire to open a consulate-general at Mukden. The Hsinking Government granted the Italian request on December 1, 1936, and the Italian Consulate-General at Mukden was established soon afterward. Almost a year later, on November 6, 1937, Italy joined Japanese-German Anti-Comintern Pact of November 25, 1936, and on November 29, 1937, the Italian Government announced its recognition of Manchoukuo, forwarding the official communication under the date of December 2, 1937, to Hsinking. Italy named her first Minister to Hsinking in January and Manchoukuo her's in February, 1938, thus opening diplomatic relations between the two Governments. The usual Treaty of Amity, Commerce, and Navigation was concluded on July 5, 1938. (See below, Section 35, for Italo-Manchoukuo-Japanese Trade Agreement.)

(6) *Exchange of Recognitions with Nationalist Spain.* The Manchoukuo Government took steps to recognize the Franco Government in Spain and the Nationalist Government in Spain did the same with regard to Manchoukuo. Official notes to the above effect were exchanged at Tokyo on December 2, 1937. This move, as the notes clarified, is another step toward the strengthening of an international united front against the destructive policies of the Third International.

(7) *Recognition by Hungary.* The Hungarian recognition of Manchoukuo was officially communicated to Hsinking on January 10, 1939, by Foreign Minister Csaky of Hungary. Premier Chang Ching-hui immediately replied and extended the official recognition of Hungary by the Manchoukuo Government.

(8) *De Facto Recognition by Poland.* The Governments of Manchoukuo and Poland on February 5, 1938, completed arrangements for the establish-

Signing the Manchoukuo-German Trade Agreement

Exchanging the Ratification Notes upon the Manchoukuo-Italian Trade Agreement

Signing of the Anti-Comintern Pact by the Representatives of Japan, Manchoukuo, Germany, and Italy

ment of Polish Consulate in Harbin. Informal conversations between the representatives of Manchoukuo and Poland were carried on at Tokyo through the good offices of the Tokyo Foreign Office for the purpose of concluding a treaty of amity between the two countries. General agreement was reached in October and notes were exchanged under the date of October 19, 1938, for according to each other on condition of reciprocity the most-favored-nation treatment in diplomatic and commercial relations. Poland thus accorded a *de facto* recognition to Manchoukuo.

II JUDICIAL REORGANIZATION

7 Reorganization of Judicial System

The judicial system in force in Manchuria prior to 1931 was same as that of China and its chief characteristic was inefficiency. Due to the corrupt administration under the former regime, especially the abuse of authority by those politically empowered and the military interference, bribery and personal influence rather than law and reason determined the course of justice. Under such conditions, it is difficult to say that Manchuria really possessed a judicial system although there were laws and judicial institutions in existence at least in form. After the establishment of Manchoukuo, therefore, the new State on the whole followed the same system in principle but began to introduce various reforms in making the judicial system entirely independent of political control and in enforcing the rule of law and reason in place of the dictate of personal influence and bribery. The noble work thus started in 1932 is still proceeding and is gradually bearing expected fruits in a marvelous way. Japan's relinquishment of extraterritoriality itself is the best commentary upon the phenomenal results of this judicial reform movement in Manchoukuo.

(1) *Department of Justice.* The first and fundamental reform instituted was the complete independence of judiciary from political control. The central organ in this new system is the Department of Justice which was inaugurated under the Organic Law of Government and the Organization Law of the Departments of State, under which the complete centralization of all judicial institutions were effected. At first, the Department of Justice was composed of three bureaux, namely, the Bureau of General Affairs, the Bureau of Judicial Affairs, and the Bureau of Execution, but through subsequent reforms, effected in March and September, 1934, July, 1935, and July, 1936, it has become one of the six Departments of State and embraces a Secretariat and three bureaux, namely, the Bureau of Civil Affairs, the Bureau of Criminal Affairs, and the Bureau of Penal Administration. The Minister, through the assistance of the Vice-Minister, also directly supervises prisons, law schools, and the Judicial Officers Election Committee. The growth of the activities of the Department is shown by the following mounting appropriations since its inception: M¥ 3,831,000 in 1932; M¥ 5,897,000 in 1933; M¥ 8,024,000 in 1934; M¥ 4,709,000 in 1935 (6 months); M¥ 9,886,000 in 1936; M¥ 12,413,000 in 1937; and M¥ 11,540,000 in 1938.

(2) *Reorganization of Courts.* An effective enforcement of justice necessitates an efficient organization and coordination of courts. This work required intensive studies and careful planning and it was not until 1936 that, although provisional measures were in force before, the reforms in the organization of courts were actually carried out. The Courts Organization Law, promulgated on January 4, 1936, and enforced on and after July 1, 1936, established four classes of courts: Sub-District, District, High, and Supreme. (A) The Sub-District Court and its branches handle all civil cases not in excess of M¥ 2,000, those involving rentals and possessory

rights, and others bearing no constitutional restrictions, and all criminal cases of first instance not under the jurisdiction of the three higher courts. The trials in the Sub-District Court are held in the presence of a single judge. (B) The District Court and its branches handle the first-instance civil cases not belonging to the Sub-District Court and the first-instance criminal cases involving penal sentences of more than one year to capital punishment (except for treason, insurgency, or espionage, and statutory offences of a similar nature) or other complicated and delicate cases, as well as second-instance cases appealed from Sub-District Courts and other such cases. The single-judge bench is employed in the trials of first-instance cases, while a bench of three judges sits in the trials of second-instance cases. In supplementing the work of the District Courts, subsidiary courts are established for handling only the first-instance cases employing the single-judge system. (C) The High Court and its branches handle first-instance cases involving insurgency and treason, civil and criminal second-instance cases involving first-instance appellate cases from the District Courts and appellate cases other than those passed upon by the District Courts as first-instance cases, and third-instance cases involving appellate cases passed upon by the District Courts as second-instance cases, cases of direct appeal from the Sub-District Courts, and cases other than second-instance tried by the District Courts. The three-judge bench is incorporated in the High Courts, and the establishment of branches is authorized but their jurisdiction is limited to first- and second-instance cases as they are not independent institutions. Retrials arising from criminal cases handled by the Hsien Judicial Offices and by the Offices of Hsien Magistrates Additionally Handling Judicial Affairs fall also within the jurisdiction of the High Courts. (D) The Supreme Court is the highest court of appeals and its decisions are absolutely final and ordinarily incontestable, except in unusual criminal cases necessitating retrials or re-examinations which is the only avenue open to voice protestations. A college of five judges sits in all trials to insure prestige and highest authority. The main function of the Supreme Court is to take action upon appellate cases and it handles (1) decisions on second-instance cases and special first-instance cases of the High Courts, (2) direct appeals of first-instance cases from the District Courts, and (3) appellate cases other than first- and second-instances passed upon by the High Courts. In the trials of exceptional cases under unusual conditions, a system of combined benches, civil or criminal or both, is authorized. The number of various courts at the end of 1938 was as follows: 1 Supreme Court (Hsinking); 5 High Courts (Kirin, Mukden, Harbin, Chinchou, and Tsitsihar) and 10 High Court Branches; 29 District Courts and 31 District Court Branches; and 97 Sub-District Courts and 21 Sub-District Court Branches.

(3) *Procuratorates.* Under the Courts Organization Law, the Procurator's Office was established in four classes corresponding to the court divisions, namely, the Sub-District, District, High, and Supreme Procurator's Offices. Unlike the system in Japan and other countries where the Procurator's Offices are attached to various courts, the Manchoukuo procuratorates are independent judicial organs. The scope of their jurisdiction corresponds to that of courts of their equivalent rank. They conduct investigations and make indictments, carry on legal suits, supervise the execution of sentences, and oversee the judicial police. In civil cases or cases relating to

public interests or morals, they perform duties as suitors or representatives of the public, but their functions are independent of the courts. The complete centralization of the procuratorates is realized by vesting the control and supervision of all grades of officers in the hands of the Supreme Procurator. There is an equal number of various Procurator's Offices and Branches directly corresponding to the courts and branches of equal rank except the Sub-District Branches which do not exist.

(4) *Judicial Police.* At the time of the establishment of Manchoukuo, there was little time available for the creation of a well-organized judicial police system due largely to the strenuous campaign of banditry suppression. With the gradual restoration of normal peaceful conditions, the reorganization and improvement of the existing system were launched and an effective judicial police force is now being evolved. The first reorganization took place in January, 1935, when a Judicial Section with a sub-section for the administration of judicial police affairs was placed under the Police Affairs Bureau of the Department of Civil Affairs. A judicial section was also created in each Provincial police bureau and a judicial sub-section in each Hsien police office. In July, 1937, as part of the general reorganization of the Manchoukuo Government, the Judicial Section was transformed from the Department of Civil Affairs to the Department of Public Peace under the new name of Criminal Affairs Section. With regard to a law relating to judicial police, preparatory discussions passed between the Justice and Civil Affairs Departments and the rules and regulations concerning judicial police officials, defining the scope of their duties, were issued in June, 1936, by the Department of Justice and in December, 1936, by the Department of Civil Affairs. Following these decrees, the new Criminal Code was promulgated on January 4, 1937, and the Criminal Appeals Law on March 3, 1937, the former being enforced on April 1 and the latter on June 1. Moreover, the Police Offence Law was promulgated on June 30, 1937, and went into force on September 1. Additional regulations concerning the duties of the judicial police were issued on July 15, 1937, and enforced on the same day. In order to strengthen the personnel of the judicial police force, a special course for the training of judicial police, ranging from one to three months, had been instituted in March, 1937, both at Hsinking and leading localities and a complete rehabilitation of the judicial police system has been in progress ever since.

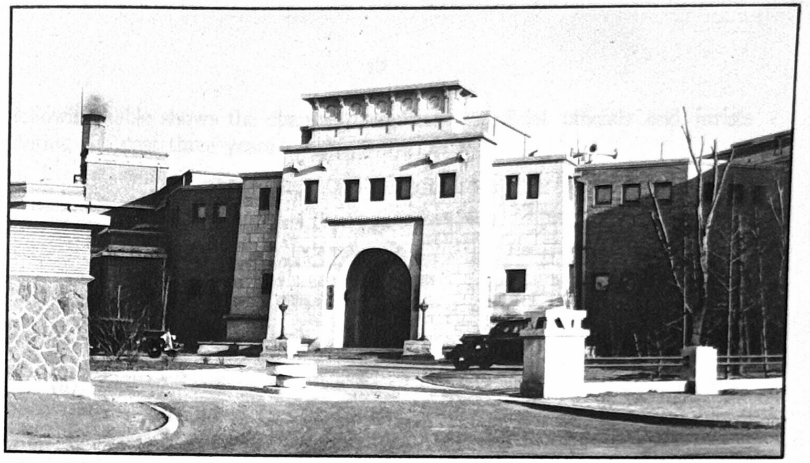
(5) *Special and Irregular Judicial Organs.* As vestiges of the former regime in Manchuria, there were at the time of the establishment of Manchoukuo numerous special and irregular judicial organs peculiar to China. These included the Hsien Judicial Offices, Offices of Hsien Magistrates Additionally Handling Judicial Affairs, Trial Offices, and unique judicial institutions in Hsingan Provinces. These institutions are legally and actually under the administration of Hsien magistrates or Banner chiefs, and are, to say the least, admittedly irregular in a country with a completely centralized judicial system. As these irregular judicial practices are historically woven into the social fabric of the people, the Government, while carrying out above-mentioned reforms in regular judicial organs, left them alone by appointing Japanese officials to various posts and by making them directly responsible to the Hsien magistrates who in turn were placed under the supervision of the Supreme Procurator's Office and the Supreme Procurator

made responsible to the Minister of Justice. In Hsingan Provinces, a sort of *ad interim* trial offices were attached to Hsien or Banner offices to supervise and to institute the modern judicial practices slowly. In the meanwhile, several commissions were appointed in 1935 to investigate and to gather data necessary for an eventual reorganization, such factors as the standard of the people, customs, economic conditions, nature of judicial affairs, and ability of officials. All materials thus gathered were carefully weighed in formulating a basis for the reorganization plans. As a result, in 1937, an appropriation of M¥ 871,000, including M¥ 520,000 for personnel, M¥ 312,000 for equipments, and M¥ 39,000 for Hsingan Provinces, was secured and the epochal reform movement was launched. During 1937, a total of 58 irregular judicial institutions including 10 Hsien Judicial Offices, 35 Offices of Hsien Magistrates Additionally Handling Judicial Affairs, 5 Trial Offices, and 5 Banner Trial Offices were abolished and 40 new Sub-District Trial Offices were established. Encouraged by the effect of this reform movement, a three-year plan beginning in 1938 was adopted with an annual appropriation of M¥ 260,000 for personnel and M¥ 135,000 for equipments. In 1938 a total of 30 irregular judicial institutions was abolished and 20 new Sub-District Trial Offices and 7 Branches were established. The balance of some 70 irregular organs still existing will be abolished and replaced by modern organs during 1939–40.

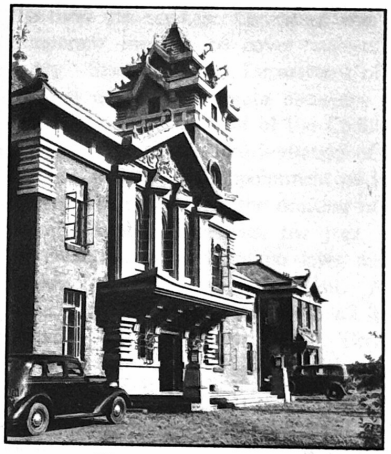
(6) *Prison Reforms.* Prior to 1931, the conditions in the prisons in Manchuria were miserable in the extreme. Not only administration itself was inefficient, but equipments were poor, officials were inadequate, and prison staffs were so corrupt that prisoners' bribes were freely accepted, enabling the convicts to escape confinement or to receive unduly light treatment; in some cases, the officials pocketed prison appropriations, causing the decline of conditions and equipments from bad to worse. With the establishment of Manchoukuo, the new State immediately began to institute, together with various judicial reforms, a fundamental reform involving the improvement of personnel, equipments, and sanitation. After a careful study of the whole system, the first definite step in the prison reform was taken in 1935 when the improvement of 22 penal institutions was ordered by an Imperial Ordinance, dated April 1 and going into force on May 1. Further preparations resulted in the promulgation on November 29, 1937, and the enforcement on and after December 1, 1937, of the new Prison Law which effected the momentous prison reform along the following principal lines: (1) establishment of prisons and detention quarters within the prison; (2) execution of sentences in conformity with the educational principle of reform; (3) relaxation of secretive executions; (4) introduction of elasticity in confinement; (5) drafting of rules and regulations for the promotion of self-government among convicts; (6) special consideration for confinement of women and minors; (7) adoption of plural confinement in the main, together with solitary confinement; (8) ethical education as the basis of reform; (9) emphasis upon practical knowledge and vocational training; (10) improvement of sanitary equipments; (11) relaxation in the censorship of letters and interviews by taking into consideration the conversion and protection after the release; and (12) abolition of cruel and insanitary treatment. Parallel with these reforms in prison conditions, a revision of the nation's penal administration was also effected. The prisons were divided into four general

classes, namely, prisons, branch prisons, substitute prisons, and Hsien and Banner prisons, and the general principles of reform embraced the following: (1) establishment of one prison in each District Court area; (2) establishment of one branch prison in each Sub-District Court area; (3) substitution of police detention quarters for prisons where no authorized procuratorate exists, even if a Sub-District Court is located; (4) establishment of detention quarters within prisons; (5) establishment of prisons for foreigners in Mukden and Harbin; and (6) abolition of other existing institutions. The Hsien and Banner prisons are to be eventually abolished. The reconstitution or construction of prisons along these general lines were instituted in July, 1935, with the launching of a five-year construction program and already Manchoukuo has added 24 regular prisons, 79 branch prisons, and 37 substitute prisons, while the work of improvement still goes on. The construction of the prison for foreigners at Mukden had been completed and that at Harbin has been started.

(7) *Reform in Personnel.* All efforts at judicial reforms are ineffective without an efficient personnel behind them. Consequently, the Department of Justice has been giving a serious consideration to the reforms in personnel from the very beginning of its organization. For this purpose, special effort was directed in four directions. In the first place, the Department has effected a complete control over its personnel by successfully instituting the centralization of personnel administration. Prior to 1931, the spoils system was prevalent and almost all judicial officials and even jurists were dependent upon the good will of higher officers. This source of corruption was completely eliminated in Manchoukuo since 1932. In the second place, a special effort was exerted in the appointment of highly educated and experienced Japanese judicial officials and jurists to all important posts both to rejuvenate and to uplift the standard of judicial administration and practices as well as to train Manchou officials and jurists. Over one thousand Japanese judicial officials and jurists were invited to Manchoukuo during the past six years and the Manchoukuo judicial administration today shows an astonishingly modernized front for such a youthful nation. In the third place, a strict examination system was introduced in the appointment of judicial officers, procurators, and clerks to eliminate all forms of personal and other irregular influences in judicial appointments. This system is applied alike both to Japanese and Manchou applicants as well as to others and it is gradually building up a well trained judicial force. In 1936 and 1937 respectively in all 79 Japanese and 418 Manchous applied for various examinations and only 8 Japanese and 35 Manchous successfully passed the prescribed examinations. Lastly, various methods of training Manchou judicial officials were introduced. These include a Law School which was established in 1934, dispatching of judicial officials to Japan for the purpose of studying in Japanese schools, inspection tours in Japan for the purpose of getting acquainted with the modern judicial system in force there, general and specialized conferences for various divisions of judicial administration, and practical training through short training courses from time to time. As a result of these efforts, the judicial administration in Manchoukuo has reached an exceedingly high standard, so much so that Japan is willing to relinquish her extraterritorial rights in Manchoukuo and entrust the execution of justice over her subjects there under the direction of the Manchoukuo Department of Justice. The



New Hsinking: the Bureau of Foreign Affairs



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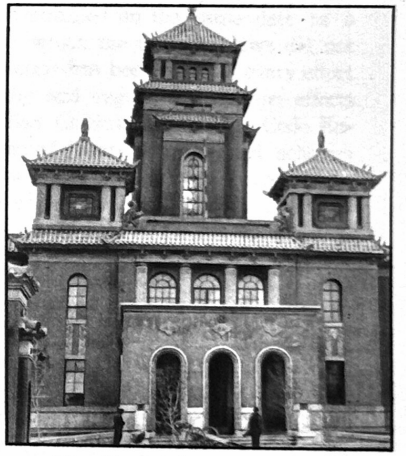
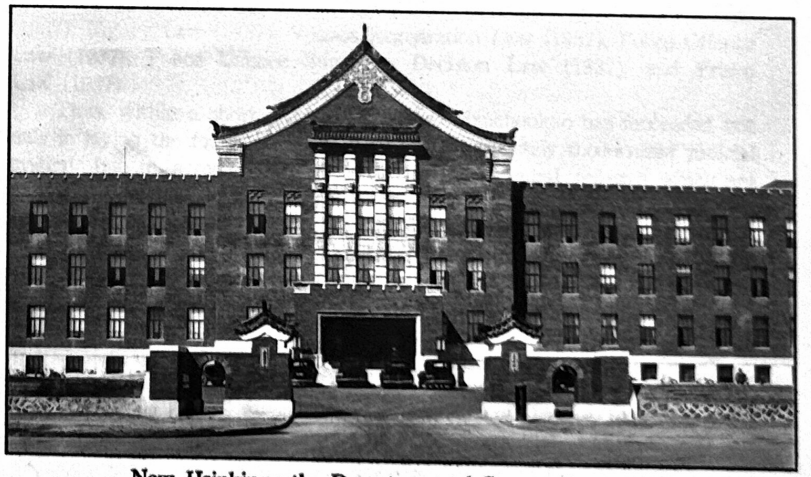


The Capital Police Bureau



New Hsinking: the Department of Communications

following table shows the changing number of judicial officials and jurists during the past three years:

MANCHOUKUO JUDICIAL FORCE

(As of December 31 each year)

	Jurists			Headquarters Officials		
Years	Japanese	Manchous	Total	Japanese	Manchous	Total
1936	82	516	598	25	16	41
1937	116	599	715	26	16	42
1938	152	635	787	28	17	45

(8) *Judicial Laws and Regulations.* The foundation of Manchoukuo laws and regulations was laid immediately after the foundation of the new State on March 9, 1932, when the Organization Law of Government and the Law Guaranteeing Civil Rights were promulgated, but little time was available for the drafting of other laws, the need for which was sorely felt. To meet this need, an Ordinance was promulgated on the same date as a temporary measure to cover matters to which the first two laws did not apply. Since then, the Department of Justice has been exerting every effort to draft and to promulgate necessary laws and regulations. These efforts included the appointment of the Codification Commission and the Code Enactment Commission, the invitation of learned Japanese jurists and scholars as advisers, and the appointment of Japanese judicial officials as secretaries directly responsible for the drafting of various proposed legislations. With these careful preparations, the past six years have witnessed an amazing rehabilitation of Manchoukuo laws and regulations covering all important phases of her judicial requirement. Among these judicial laws and regulations, totaling no less than 60 in all, the most important are the following: Courts Organization Law (1936), Civil Law (1937), Civil Procedure Law (1937), Criminal Law (1937), Criminal Procedure Law (1937), Commercial Law (1937), Barrister Law (1937), Corporation Law (1937), Corporation Registration Law (1937), Auction Law (1936), Property Registration Law (1937), Commercial Registration Law (1937), Foreign Judicial Persons Law (1937), Bank Cheque Law (1937), Transportation Law (1937), Warehouse Law (1937), Maritime Commerce Law (1937), Compulsory Execution Law (1937), Notary Law (1937), Vessels Registration Law (1937), Police Offence Law (1937), Police Offence Summary Decision Law (1937), and Prison Law (1937).

Thus, within a short span of six years, Manchoukuo has succeeded, not only in laying the foundation of a sound and completely modernized judicial system, but in actually carrying out various essential reforms which are even today impossible in China. Herein also lies the true significance of Japan's relinquishment of her extraterritorial rights in Manchoukuo. (Cf. below, Chapter II on "Abolition of Extraterritoriality.")

8 Reforms in Police Administration

Under the former regime, the police system was completely decentralized, differing according to provinces and districts. There were also numerous special policing organs besides the general police, making the police administration further complicated. Moreover, corrupt administration was

general as in the case of the judicial system as a whole and discretion rather than justice played an important role, while bribery and various illegal practices prevailed. The police recruiting and tax collection were often farmed out to the highest bidder as in the old Roman Empire. In some districts, the police and troops were not clearly differentiated and the military interference in the police administration was quite common. With the establishment of Manchoukuo all of these prevalent evil practices were completely abolished through the unification of police administration, the improvement of police personnel, the training of police officers, and the modernization of police system in general.

(1) *Police Administration.* The first step taken by the new State in reforming the nation's police administration was its complete centralization under the supervision of the Department of Civil Affairs and the Provincial Governments except that in the Hsingan Province which was placed under the Department of Mongolian Administration. Under this system which was inaugurated by a Cabinet Ordinance on March 29, 1932, the police forces included the regular administrative police, the frontier police, the moving police, the maritime police, and other special police forces which were participating in a campaign to restore peace and order, including bandit-pacification drives. This variegated system was reorganized in April, 1936, when the purely administrative police functions only were retained in the Department of Civil Affairs while other police activities were transferred to the Department of Defence. With the reorganization of administrative machinery on July 1, 1937, the police administration including Hsingan Provinces was placed under the newly created Department of Public Peace, only the public health work being assigned to the Department of People's Welfare. Under the new system which is still in force, the administrative police of the country is centralized under the Bureau of Police Affairs of the Department of Public Peace directly supervised by the Minister of Public Peace. Below it are the Provincial Bureaux of Police Affairs, the Hsien or Chi Police Affairs Sections, and the local police offices. Also under the direct supervision of the Department Bureau of Police Affairs is the Metropolitan Police Board which administers the police affairs in the city of Hsinking. Moreover, a Bureau of Police Affairs under the direct supervision of the respective Provincial Offices is established in each of the leading cities, namely, Mukden, Kirin, Tsitsihar, Antung, Chinchou, Chengte, Yenchi, Mutankiang, Hailar, Manchouli, and Chiamussu. A similar Bureau of Police Affairs was established also at Harbin on July 1, 1936, when the North Manchuria Special Municipality was abolished and at Fushun, Liaoyang, Anshan, Ssupingkai, Tiehling, and Yingkou on December 1, 1937, as a result of the abolition of extraterritoriality and the transfer of administrative rights over the S. M. R. Zone. Lastly, a Maritime Police Corp is maintained at Yingkou under the direct supervision of the Department Bureau of Police Affairs.

(2) *Improvement of Personnel.* Prior to the establishment of Manchoukuo, there were plenty of untrained, illiterate, and even villainous persons in the police force, making it a detested organ of the Government. Consequently, the most important part of the new deal in Manchoukuo police administration concerned the improvement of personnel. For this purpose, inferior police were eliminated and substituted by educated and trained police;

salary and treatment were improved; regular advancement of ranks on the basis of the record of meritorious service was instituted; systematic training of police and officials was introduced; and Japanese police and officials were invited to fill important positions both to perfect the police service as well as to train Manchou police forces and officials. One of the great accomplishments of this reform movement is the complete elimination of illiteracy in the police ranks which amounted to no less than 30 per cent in 1932. In this work the most fundamental and indispensable are the educational institutions established for the training of Manchoukuo police forces. Of these the highest institution is the Central Police School which was established on June 11, 1932, for the training of higher police officials. Then came the District Police Schools which were started on July 1, 1935, one in each Provincial capital, and the Hsien Police Training Institutes for the purpose of training local police forces. In addition, 30 Manchurian members of the police force are selected and sent to Japan each year for the purpose of studying one year at the Police Training Institute of the Department of Interior. The following table shows the distribution of Japanese and Manchurian police force during the past three years. The sudden increase in the number of Japanese members in 1937 is due to the abolition of Japan's extraterritorial rights in Manchoukuo and the transfer of her administrative rights over the S. M. R. Zone.

MANCHOUKUO POLICE FORCE

(As of December 31 each year)

Classifications	1936	1937	1938
Japanese Members	3,647	7,290	7,271
Manchurian Members	59,208	81,524	85,284
Total	62,855	88,814	92,555

(3) *Supervision of Licenced Businesses.* The protection and supervision of various licenced businesses constitute an important function of the police. Prior to 1932, this phase of police functions was regarded not so much as a protective police duty but more as a source of income. Consequently, nearly 150 businesses were required to apply to police for operation licence and unduly high fees were charged in many cases, naturally spreading corruptive practices of all sorts. After the establishment of Manchoukuo, the new State began to reform the entire system by emphasizing the supervisory function of the police and by eliminating all irregular practices. The first step in this direction was taken in December, 1932, when the number of licenced businesses was limited only to those which required police protection and supervision. This was followed in November, 1935, when the police registration fees were completely abolished. After further studies, the Licenced Business Regulations were promulgated in January, 1936, and enforced from February 1, and a Supplementary Regulation was added in July of the same year. Under these Regulations, the following licenced businesses came under the special protection and supervision of the police: theatres, dance halls, public performances, public games, baths, hotels, various forms of restaurants and cafés, keeping of geisha and entertainers, various forms of agencies, printing shops, scriveneries, and dealers of second hand goods. There are also several businesses which are operated under the special regulations issued by the Department of Civil Affairs such as open-air shops,

peddling, jinrikisha and buggy businesses, fortune-telling, and miscellaneous businesses including shoe-repairing, rug-buying, and cutlery-sharpening. In addition the police supervise businesses which are regulated by special laws and regulations such as pawn shops and manufacture and sale of gunpowder, fireworks, fire-arms, and cinema films. Some businesses are regulated under the old regulations or local laws such as dairy, sale of soft drinks, sale of ice, meat market, barbar shops, massage business, and moxacautery. Most of the businesses operated under the Licenced Business Regulations are operated under separate individual laws since December 1, 1937. At the same time, various regulations were issued to prevent the police from participating in irregular practices and abusing their entrusted powers.

(4) *Readjustment of Health Police.* It has been already mentioned that that phase of police functions which related to the administration of public health was assigned to the Department of People's Welfare. The Bureau of Public Health in that Department supervises the health police activities through Provincial Bureau of Police Affairs, while a section on public health is included in each one of the Hsien, municipal, and local police offices, thus bringing about a perfect coordination of activities between the two Departments. Under this system, the police cooperate with various public health offices in enforcing public health regulations. Thus, they supervise the operation of medical and allied professions such as physicians, dentists, pharmaceutists, mid-wives, nurses, drug stores, drug manufacturers, hospitals, and cemeteries. They cooperate with the authorities in the prevention of epidemics, especially in enforcing various preventive regulations including vaccinations. These activities of the health police are transforming the otherwise backward people in an amazing manner.

9 Progress in Bandit Pacification

One of the eternal ills of China seems to be the powerlessness of the authorities, both national and local, against the forces of organized banditry. Manchuria was no exception to that state of affairs and Manchoukuo had inherited the delicate task of bandit subjugation.

At the time when Manchoukuo was established, there were no less than 200,000 "bandit" hordes of all descriptions in Manchuria, including *tufei* or native rebels, *pingfei* or army deserters, and *kungfei* or communist bandits (For details, see Fourth Report, Sections 30–34, and Fifth Report, Section 5). After the emergence of Manchoukuo, the new Government, at the same time introducing various organs and facilities for the maintenance of internal peace and order, instituted a determined campaign to uproot banditry by political and economic measures and to liquidate lawless banditry altogether from the country. Relentless punitive warfare was carried on by Manchoukuoan national army and police forces, assisted by Japanese troops. During the past eight short years, thus, the Chientao, Panshih, Chuho, Tungpientao, and Ningan regions, once the hot-beds of bandits, were completely cleared of lawless hordes, while the bands which were pursuing their wild careers in Pinkiang and Mutankiang Provinces were pushed deep into remote Sankiang Province, which is about the only bandit nest left in Manchuria today. As a result, the number of lawless hordes who are still at large has been reduced to an insignificant figure of roughly 5,000 by the

end of 1938, which is in itself an unbelievably fine record. The life of "bandits" in Manchoukuo is now practically doomed and the day of their extermination is near as the final rounding up of the pacification campaign is launched.

Behind this striking record of success is a carefully organized anti-banditry policy of the Manchoukuo Government and its cooperating agencies. First of all, the Government, through the Bureau of Private Rights Preservation, passed a legislation concerning "Regional Protection Implication" for the purpose of obtaining immediate information on bandit movements. Under this Law, 6 to 10 households form a unit and these units are held responsible for reporting to the authorities any bandit suspect, persons having deadly weapons in their possession, and any one creating public nuisance. Should a unit fail to perform its duty, its members are reprimanded collectively. At the same time, the Bureau of Police Affairs of the Public Peace Department has increased the police forces of all regions, no matter how remote, in order to expand the police surveillance work, while the General Headquarters of Railway Guards has stationed special guards along the railway lines. In addition, there were organized in 1935 the Railway Protective Corps by inhabitants of villages within 5 kilometres on both sides of railways to protect the lines in cooperation with the railway authorities and the Railway Self-Protective Villages (See below, Section 42 : 4) for the purpose of protecting villages against bandits in full cooperation with the government forces and organs. Then various agencies were organized to induce bandits to capitulate and to become good citizens and farmers. Of this type of agencies, the most noted for its record of splendid accomplishments is the Cooperative Assistance Society formed in Chientao by influential Chosenese farmers for carrying on a campaign of urging submission among bandits, the number of bandits submitting and becoming good citizens under the influence of this Society exceeding 2,000. Also interesting is a training camp established by the Hsinking Labor Society in July, 1938, for the training of bandits who have capitulated themselves. These, after a month's training, are sent out as laborers under a gainful employment, such as a hundred of them in the Fushun Collieries as miners. In order to back these variegated activities of antibanditry policy and both to prevent people from turning into banditry and to provide work for surrendering bandits, general relief of impoverished people, preservation of peace, development of mines, encouragement of agriculture, and many other economic activities are also being carried on.

The Manchoukuo Government can well be proud of the result so far obtained through its pacification campaign as it is in itself a great accomplishment. In due time, it is looking forward with great confidence to exterminate the last trace of notorious Manchurian bandits who have made Manchuria both famous and infamous and to accelerate further the realization of a "wangtao" paradise in East Asia.

III ABOLITION OF EXTRA-TERRITORIALITY

10 Origin of the Abolition Movement

Japan, with other Western Powers, enjoys the privilege of extraterritoriality in China. In the light of her own experiences in the past, Japan more than once expressed her willingness to relinquish her extraterritorial privileges in China provided the latter is able to enforce justice in a strictly modern sense, but the conditions prevalent in China have not warranted such a procedure to date. The emergence of Manchoukuo brought about a complete change in this connection so far as the former "Four North-Eastern Provinces" are concerned, and, by 1934, a desire for the eventual abolition of extraterritoriality in Manchoukuo and administrative rights over the South Manchuria Railway Zone began to be seriously considered both by Hsinking and Tokyo.

Japan's extraterritorial rights in Manchoukuo are based upon the Sino-Japanese Treaty of 1895 and the Sino-Japanese Treaty of 1915 concerning South Manchuria and Eastern Inner Mongolia. The former granted to Japan (1) consular jurisdiction and (2) extraterritorial rights under the most-favored-nation clause, while the latter gave her subjects right to reside, travel, and carry on commerce. On the other hand, Japan's administrative rights over the S. M. R. Zone are based upon Article VI of the Russo-Chinese Contract for Construction and Operation of the Chinese Eastern Railway which granted the lands necessary for construction, operation, and protection of the railway with "absolute and exclusive right of administration." Japan had succeeded to the railway lines south of Changchun, now Hsinking, and the administrative rights over the S. M. R. Zone as a result of the Portsmouth Peace Treaty which ended the Russo-Japanese War and the Sino-Japanese Treaty of Peking of 1905. The S. M. R. Zone thus acquired extends over 700 miles in length with an area of approximately 100 square miles and the South Manchuria Railway Company has been administering it for over thirty years since.

When Manchoukuo was established in 1932, she fell heir to all of China's treaty obligations so far as Manchuria is concerned and Japan continued to enjoy her extraterritorial rights in Manchoukuo and her administrative rights over the S. M. R. Zone. The Japan-Manchoukuo Protocol of 1932 specified that "Manchoukuo shall confirm and respect in so far as no agreement to the contrary shall be made between Japan and Manchoukuo in the future, all rights possessed by Japan or her subjects within the territory of Manchuria by virtue of Sino-Japanese treaties, agreements, or other arrangements or of Sino-Japanese contracts, private as well as public."

With a steady and brilliant progress in all phases of her national and local administration and a gradual assurance of peace and order within her borders, Manchoukuo began to feel the anomalous pressure and burden of extraterritoriality. Manchoukuo can not arrest and prosecute Japanese subjects in her own courts; she can not enforce general police regulations upon Japanese subjects; she can neither levy taxes upon Japanese subjects nor

supervise Japanese enterprises of any kind. This condition was true, not only in the South Manchuria Railway Zone, but also throughout Manchoukuo. In short, Manchoukuo began to feel that these rights constituted the greatest obstacles in the way of her advancement towards the standard of a first class nation and that she can fully attain the indisputable status of an absolutely independent state only upon the abolition of these restrictions.

The young State, however, early realized the as yet imperfect and often primitive status of its various administrative and judicial organs and began to prepare with added earnestness for their modernization. Thus the State had appropriated over 8,000,000 yuan for the fiscal year 1934, in addition to the ordinary requirement due to the general progress and development, for the sole purpose of instituting improvements which would expedite the abolition of extraterritoriality and began to push its program most vigorously in this direction. As a result of such a studied effort, Manchoukuo had made a phenomenal progress in all branches of national reforms, especially in the field of political administration, industrial administration, taxation system, police system, judicial system and administration, and postal administration. Some of the outstanding accomplishments may be summarized as follows:

(1) *Industrial Rights.* For the purpose of coordinating the economic needs of Japan and Manchoukuo and safeguarding the productive activities of Japanese subjects in Manchoukuo, laws and regulations governing all phases of industrial activities have been issued and enforced, or are being contemplated. Among them may be mentioned Trade Mark Law (1933), Trade Mark Registration Law (1933), Patent and Invention Law (1936), Patent Registration Law (1936), Utility Model Law (1936), and 21 others relating to industrial rights of possession; Mining Law (1933), Mining Registration Law (1933), and 11 others relating to mining rights; 4 laws relating to markets; 2 laws relating to stock-farming; Weights and Measures Law (1934) and 5 others relating to weights and measures; Oil Monopoly Law (1934), and 2 others relating to oil monopoly, Opium Law (1932) and 19 others relating to opium monopoly, Salt Monopoly Law (1937), and Match Monopoly Law (1936); Forestry Rights Law (1932); 3 laws relating to trade; and Land Ownership Law (1936) and 2 others relating to land ownership.

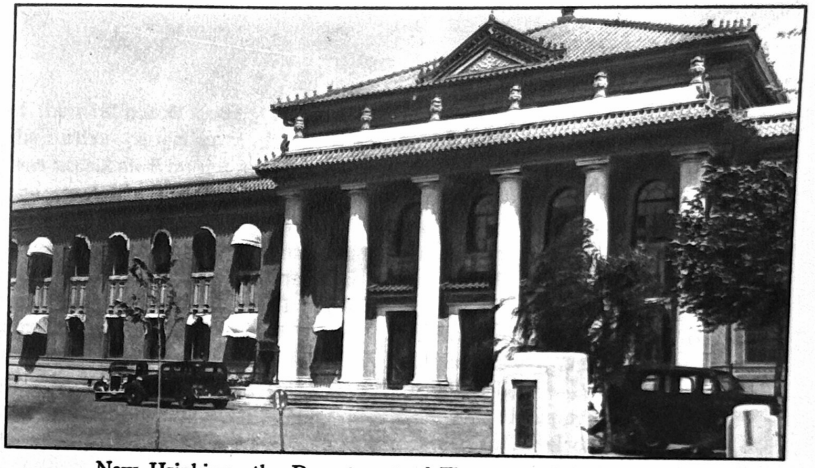
(2) *Financial System.* As noted in the Fifth Report (See Fifth Report, Chapter II), the financial reforms constitute one of the greatest achievements of the Manchoukuo Government since its organization. Out of chaos rose a financial structure which is comparable to that of any civilized State. This accomplishment is truly the "Wonder of the Century." To this end, the following laws furnished the structural foundation: Currency Law (1932), Manchou Central Bank Law (1932), Manchou Industrial Bank Law (1936), Banking Law (1933), Mutual Finance Association Law (1936), Rural Credit Association Law (1934), Exchange Control Law (1935 and 1937), Gold Purchase Law (1937), Lottery Law (1932), and Securities and Bonds Control Law (1936).

(3) *Taxation System.* The reforms in the taxation system since the establishment of Manchoukuo constitute another epochal achievement of the new State, and the corrupt feudal system, full of grafts and embezzlements, has given its way to a completely unified and trustworthy modern system.

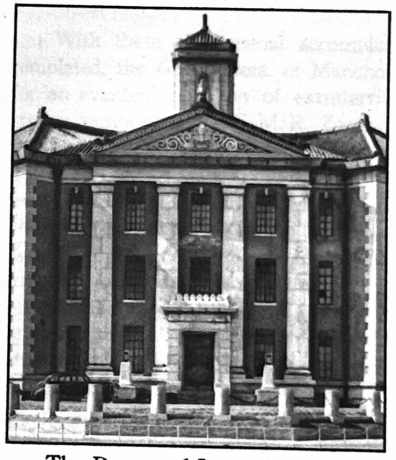
Laws relating to sixteen different national taxes were issued between 1933 and 1936, capped by the National Tax Collection Law of 1936. In 1936 the provincial finance was completely unified under the Provincial Expenditures Law and twelve related laws and regulations, all issued in December of that year, which specified the sources of local taxation for the purpose. The local taxation, quite different from the national taxation system, was systematized under the Local Taxation Law (1935) and 8 others relating to fourteen local laxes. And thus, for the first time in the history of Manchuria, law regulated the one and only system of taxation.

(4) *Judicial System.* The reforms in the Manchoukuo judicial system followed three basic lines: (1) reorganization of judicial organs, (2) codification and promulgation of various codes, and (3) improvement and perfection of the judicial personnel (For details, see above, Section 7). The first task resulted in the promulgation of the Judicial Organic Law on January 4, 1936, and extensive reforms including the administration and establishment of courts and prisons under the Five-Year Construction Plan started in 1935 have been progressing smoothly. Today there are already 1 Supreme Court, 5 High Courts and 10 branches, 29 District Courts and 31 branches, 97 Sub-District Courts and 21 branches, 5 Judicial Local Courts, 60 Judicial Hsien or Chi Courts, and 5 Supplementary Courts. There are also 24 prisons and 79 branches, all modern in building and equipments, besides 37 smaller jails. For the materialization of the second project, the Government has appointed in 1933 a special committee of experts in the Department of Justice, whose members in separate groups have been engaged in the drafting of civil, criminal, and commercial codes as well as related regulations. As a result, most of the important laws have been already promulgated. These includes Courts Organization Law (1936), Civil Law (1937), Civil Procedure Law (1937), Criminal Law (1937), Criminal Procedure Law (1937), Commerical Law (1937), Barrister Law (1937), Corporation Law (1937), Auction Law (1936), Property Registration Law (1937), Commercial Registration Law (1937), Foreign Judicial Persons Law (1937), Bank Cheque Law (1937), Transportation Law (1937), Warehouse Law (1937), and forty-two other important laws. To date, however, most energetic effort has been exerted in bettering the personnel of the judicial administration and benches. Thus, up to the end of 1938, 28 able Japanese judicial officers have been employed by the Department of Justice, 152 Japanese jurists have been assigned to various courts, and 301 Japanese officials have been employed in prisons and prison administration. For the training of competent Manchou judicial officials and jurists, a law college under the supervision of the Department of Justice had been established, while many Manchou officials have been sent to Japan for advanced legal training.

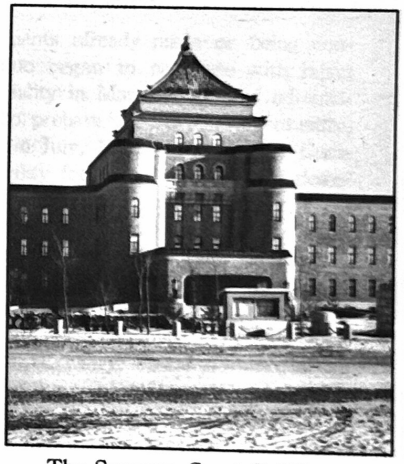
(5) *Police System.* In the maintenance of law and order and the preservation of the rights of life and property, the Manchoukuo Government took steps, first of all, to unify the variegated and decentralized police systems existing under the former regime, to enforce national police laws and regulations, and to perfect police forces. The project of unification was effected through the complete centralization of the nation's police administration. The task of formulating and proclaiming laws and regulations was also completed by the promulgation of 3 Imperial Ordinances and the proclamation and enforcement of 8 regulations governing the functions



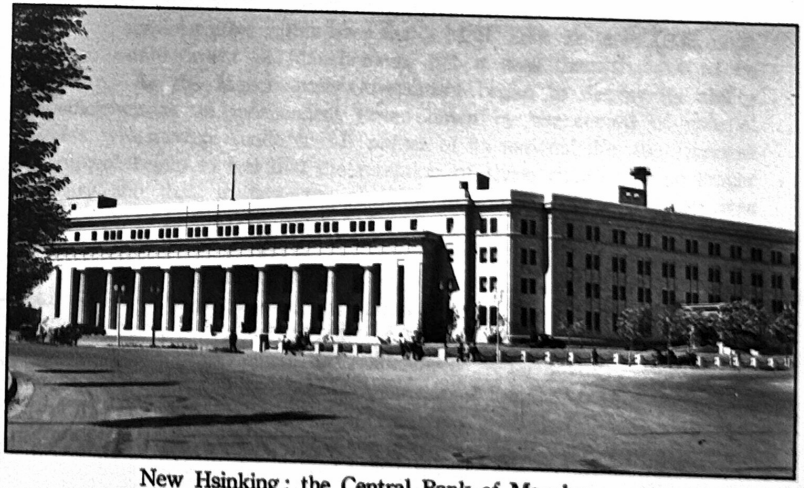
New Hsinking: the Department of Finance and Commerce



The Bureau of Internal Affairs



The Supreme Court Building



New Hsinking: the Central Bank of Manchou

of the new police system, while other regulations are under preparation for the further perfection of the new system. The perfection of police forces was accelerated by the initiation of the police training system, both central and local, the adoption of a system under which several scores of police officials are trained in schools and in Japan, and the employment of trained Japanese police officials (For details, see above, Section 8).

(6) *Postal Administration.* The old system had been replaced by a completely modernized postal administration and the country has seen an amazing progress in matters relating to mails, postal money orders, postal savings, postal insurance, postal money transfer system, and postal pension system (Cf. Appendix II, No. 11). The Japan-Manchoukuo Postal Agreement which went into force on January 26, 1936, was a happy prelude to the elevation of Manchoukuo's postal administration to the level of that in Japan.

11 First Stage of Preparation

With these phenomenal accomplishments already made or being contemplated, the Government of Manchoukuo began to negotiate with Japan for an eventual abolition of extraterritoriality in Manchoukuo and administrative rights over the S. M. R. Zone. To prepare for such an eventuality, the Manchoukuo Government appointed, in July, 1934, a Preparatory Committee for the Abolition of Extraterritoriality for the purpose of (1) determining the details of internal preparatory steps which are necessary for the abolition of extraterritoriality and administrative rights over the S. M. R. Zone, (2) formulating Japan-Manchoukuo treaties and various transitional measures in connection with the proposed abolition, and (3) taking up various practical problems relating to extraterritorial and administrative questions until the time of the final abolition. To this Manchoukuo Committee were attached nine Sub-Committees on Taxation, Industry, Postal Administration, Police, Education, Justice, Local Administration, Third Powers, and Equi - ments and Personnel. The Government then ordered, in December, 1934, the Provincial Governors to gather material for the eventual abolition of extraterritoriality.

In Japan, the question of abolishing extraterritoriality in Manchoukuo and transfering administrative rights over the S. M. R. Zone arose in 1932, soon after the establishment of Manchoukuo, but it was then thought to be premature. As the Manchoukuo Government began to display its ability and efficiency as an independent state, shown by the record of epochal progress which were made in all phases of its national life, the Japanese Government began to feel that the retention of those rights was no longer necessary and that, in fact, the abolition of those rights by Japan was considered to be Japan's obligation toward her neighbour. Thus the Japanese Government began to give more serious attention to this question by 1934 and appointed, in February, 1935, a Preparatory Committee for the Relinquishment of Extraterritoriality in Manchoukuo for the purpose of discovering fundamental policy to be followed and establishing direct connection with the abolition movement in Manchoukuo. This Tokyo Preparatory Committee was headed by the Vice-Minister of the Department of Foreign Affairs and was chiefly composed of the officials of that Department together with representatives of the Manchurian Affairs Bureau, the Army and

Navy Departments, and the Department of Justice. It held its initial meeting on February 13, 1935.

Parallel with the appointment of the Tokyo Committee, a Hsinking Committee on the Abolition of Extraterritoriality was created also in February, 1935. It was created as a chief Japan-Manchoukuo organ for the purpose of discovering practical means for the abolition of extraterritoriality in Manchoukuo and was composed of the representatives of the Japanese Embassy, the Kwantung Army, the Kwantung Bureau, and the Manchoukuo Government. The South Manchuria Railway Company was also included in its membership later. To this Hsinking Committee were attached seven Sub-Committees on Taxation, Industry, Postal Administration, Police, Education, Justice, and Local Administration. The South Manchuria Railway Company created, in August, 1935, a Preparatory Committee for the Relinquishment of Extraterritoriality, while the Kwantung Bureau named a Committee for the Investigation of the S. M. R. Zone Administration. The Japanese Embassy at Hsinking took up the question through conferences of its members and conferences of consuls. With the creation of these various Committees, namely, the Manchoukuo Committee, the Tokyo Committee, the Hsinking Committee, the Kwantung Bureau Committee, and the S. M. R. Committee, then, the stage was all set for the practical consideration of questions relating to abolition.

During the first stage of preparation, the Hsinking Committee was most active and its findings furnished the basis of actions taken by the Tokyo Committee. The first definite step taken was the decision of the Hsinking Committee on March 18, 1935, to deal with the administrative rights over the S. M. R. Zone together with that phase of extraterritorial rights which concerns the administrative problems. The next important step taken was the formulation of the general principles of procedure which, after a preliminary decision reached on April 16, was adopted on April 27, 1935, and which was accepted verbatum by the Tokyo Committee on May 17, 1935. The general principles of procedure thus adopted stipulated (1) that the purpose of Japan's proposed relinquishment of extraterritorial rights within Manchoukuo is to aid the wholesome development of Manchoukuo and that it is due to Japan's voluntary action based upon her goodwill rather than Manchoukuo's request; (2) that Manchoukuo is expected to perfect various means to facilitate the residence, travel, and business activities of Japanese subjects after the relinquishment of extraterritoriality; (3) that the relinquishment of extraterritoriality shall follow a gradual process according to subjects and that the adjustment of administrative questions shall precede the adjustment of judicial questions; (4) that the adjustment of the administrative phase of extraterritoriality shall keep in step with the preparatory steps taken by the Manchoukuo Government and shall follow the following order: (a) recognition of administrative and taxation laws and regulations covering industry, and (b) recognition of police authority with the exception of judicial rights; (5) that the relinquishment of consular jurisdiction including judicial police authority shall be effected after the adjustment of the administrative phase of extraterritoriality in tune with the preparatory measures adopted by the Manchoukuo Government; (6) that the goal of preparation on the part of the Manchoukuo Government shall be the prevailing degree of protection enjoyed by the Japanese subjects under the

Japanese administration and that the Manchoukuo Government shall aim at the completion of (a) principal industrial laws and regulations and taxation system by the end of 1935, (b) police system by the end of 1936, and (c) judicial system by the end of 1937; (7) that the Manchoukuo Government shall take over the Japanese equipments and personnel following the relinquishment of extraterritoriality but that the Japanese side shall not undully enlarge such equipments and personnel; (8) that special caution shall be taken so as not to cause sudden changes in the life of Japanese subjects on account of the relinquishment of extraterritoriality; (9) that the administrative rights over the S. M. R. Zone shall be adjusted after the adjustment of the administrative phase of extraterritorial rights; and (10) that Japan's right of stationing troops in Manchoukuo as stipulated in the Japan-Manchoukuo Protocol shall not be affected by the relinquishment of extraterritoriality.

The first definite result of studies, deliberations, and findings thus made and those which followed was the decision of the Tokyo Cabinet on August 9, 1935, (1) to relinquish Japan's extraterritorial rights in Manchoukuo in gradual stages and (2) to adjust and eventually to transfer her administrative rights over the S. M. R. Zone. In making this momentous decision, the Japanese Government proposed not to bring about sudden changes in the life of Japanese subjects in Manchoukuo, to assure safe residence and development of Japanese subjects throughout Manchoukuo, and to facilitate the smooth realization of Japan's national policy with regard to Manchoukuo. The Foreign Office, in announcing this decision on the same date, made it clear, however, that it does not concern Japan's leases to the S. M. R. Zone and the Kwantung Territory. It announced also (See below, Appendix III, No. 1: 1) that Japan first of all will transfer the taxation right and abolish various taxes levied by the South Manchuria Railway Company in the S. M. R. Zone, but that it will effect the transfer in such a way as to avoid sudden and violent changes in the life of Japanese communities in Manchoukuo and will adjust and transfer administrative rights gradually. It added that Japan is ready to transfer the taxation right to Manchoukuo by October, but that the progress may be postponed until 1936 if the appropriational arrangement can not be completed on the part of the Manchoukuo Government.

12 Second Stage of Preparation

Having agreed upon these fundamental policies and in accordance with these pronouncements, both Japanese and Manchoukuo authorities as well as the South Manchuria Railway Company vigorously pushed preparations and the negotiations on various phases of the subjects continued between Tokyo and Hsinking. Various difficulties presented themselves one after another in the actual and detailed arrangement of such a historic nature, and the year 1935 ended without seeing the final agreement. It was during this period of detailed discussions upon general principles that the Conference of the Manchurian Affairs Bureau Officials at Tokyo assumed the leading role in taking up the decisions of the Hsinking Committee. It was also in this connection that two series of important conferences were held in Tokyo, first during October 7–12 and again during December 12–14, between the

representatives of the Japanese Governmental Departments and Bureaux concerned and the representatives of the four bodies constituting the Hsinking Committee. As a result, general principles of procedure were carefully drawn up and the first momentous treaty became the subject of negotiations early in 1936.

(1) *Taxation*

The question of taxation was one of those difficult questions as it affected both the Manchoukuo Government and the Japanese subjects within and without the S. M. R. Zone immediately. But a perfect agreement was reached by the Hsinking Committee on September 17, 1935, and its decisions were approved by the Manchurian Affairs Bureau Officials Conference on November 11, 1935. The general principles thus adopted included, among other things, the following procedures: (1) that the Manchoukuo Government shall levy taxes upon Japanese subjects residing outside of the S. M. R. Zone from 1936 but that it shall endeavor (a) not to cause sudden increase in burdens, (b) to respect the desires of Japanese residents in determining the standard of business tax, and (c) to let the officials of Japanese ancestry to levy taxes upon Japanese subjects; (2) that the taxation right within the S. M. R. Zone shall be transfered to the Manchoukuo Government completely at the time of the transfer of police authority in 1937 and that until then the Japanese Government shall assume the taxation responsibility; (3) that in principle (a) the taxation within the S. M. R. Zone shall follow the general principles of Manchoukuo taxation outside of the S. M. R. Zone, (b) the consumption taxes shall be levied upon goods consumed within the S. M. R. Zone, and (c) the Japanese taxation within the S. M. R. Zone shall be enforced at the same time with the Manchoukuo taxation outside of the S. M. R. Zone; (4) that the Japanese and Manchoukuo Governments shall closely cooperate in determining tax regulations and supervising taxation within and without the S. M. R. Zone; (5) that the Japanese Government shall not unduly expand the taxation machinery within the S. M. R. Zone in view of its eventual transfer to the Manchoukuo Government; (6) that the general principle of taxation within the S. M. R. Zone after the transfer of taxation right shall be same as those enforced upon Japanese subjects outside of the S. M. R. Zone; and (7) that the treaty dealing with taxation shall be prepared within 1935 together with that dealing with the industrial administration. It was understood that the question of local taxes levied by the South Manchuria Railway Company for the purpose of local administration (education, sanitation, and engineering) shall be dealt with separately in connection with the adjustment of its administrative rights.

These general principles of procedure having been agreed upon, the discussions upon the details proceeded with less difficulty. The Hsinking Committee thus reached an agreement on October 18, 1935, upon an outline of adjusting various taxes to be levied upon Japanese subjects, and the Manchurian Affairs Bureau Officials Conference approved it on December 2, 1935. It first of all enumerated the list of taxes to be assessed as the land tax, immovable-property contract tax, crop-output tax, timber tax, mining tax, mining registration tax, liquor tax, cigarette tax, consolidated taxes (taxes upon cotton goods, flour, match, and cement), business tax, juristic person's

business tax, cattle tax, slaughter tax, and stamp duties. It then named July 1, 1936, as the date of enforcing the Manchoukuo taxation system. In imposing business tax and juristic person's business tax, it proposed the method of gradually increasing the amount of levy over a period of years. Thus, in the case of the business tax, one-fourth of the transitional rate to be agreed upon by a treaty shall be levied during 1936 and 1937, one-half during 1938 and 1939, and the full rate from 1940, while in the case of the juristic person's business tax, one-third of the accepted rate during 1936, two-thirds during 1937, and the full rate from 1938. In investigating the basis of assessment, it suggested the employment of the officials of Japanese nationality and, in case of the business tax, the consultation with Japanese businessmen or businessmen's associations to assure the justice of assessment, while it suggested a revision of the taxation system with respect to the cattle and slaughter taxes and stamp duties. It finally proposed that the prosecution of the delinquency in tax payment shall be dealt with by the officials of Japanese ancestry, while the prosecution of the violation of tax regulations shall be dealt with by the Japanese consulates.

On the same date, the Hsinking Committee also adopted an outline of procedure in adjusting Japanese taxes in force within the S. M. R. Zone and the Manchurian Affairs Bureau Officials Conference approved it on December 2, 1935. According to this outline, the taxation system to be enforced by the Japanese Government within the S. M. R. Zone as a transitional measure should, not only keep a balance of tax burdens with the system in force outside of the S. M. R. Zone, but also aim at the similarity of nature with respect to the Manchoukuo taxation system in general in order to facilitate the eventual smooth transfer of the taxation right to Manchoukuo. For this latter purpose, it specified seven taxes to be inaugurated by the Japanese authorities within the S. M. R. Zone, namely, business tax and juristic person's business tax, liquor tax, cigarette tax, flour tax, cement tax, match tax, and stamp duties. The new system, with the exception of the match tax and stamp duties which will be treated separately, should be enforced from July 1, 1936. The income arising from consumption taxes levied on goods produced within the S. M. R. Zone shall be divided between Japan and Manchoukuo by giving special consideration to Manchoukuo's financial needs. The goods imported into the S. M. R. Zone after paying import duties shall be exempt from further taxation except that the goods manufactured within the Kwantung Leased Territory and paid the transfer tax shall be taxed to the extent of the difference between the consumption tax and the transfer tax. In relation to the existing Manchoukuo taxation system, the similar system of which the enforcement within the S. M. R. Zone is difficult or of which the objects of assessment do not exist, the Japanese authorities shall both facilitate and assist the Manchoukuo investigation and supervision within the S. M. R. Zone. If necessary for the purpose of supervising taxation or gathering material, both sides shall mutually facilitate and assist the investigation, by Japanese tax officials without the S. M. R. Zone and by Manchoukuo tax officials within the S. M. R. Zone.

Lastly, the question of local taxes to be levied upon Japanese subjects presented a complicated situation but the Hsinking Committee was able to reach an agreement upon general principles on November 18, 1935, and the Manchurian Affairs Bureau Officials Conference approved it on December 2,

1935. It enumerated various types of taxes to be imposed upon Japanese subjects locally: those which the Japanese have already tolerated without taking action upon them, such as land tax, timber tax, and mining surtax; those which are already accepted within limited areas, such as Harbin Special Municipality taxes and various Hsien taxes in Chientao Province; and those which are to be newly accepted. Among the last group are those which are enforced within a limited area such as Hsinking Special Municipality taxes and municipal taxes of Mukden, Kirin, and Tsitsihar; general local taxes such as business surtax, house tax, household income tax, and some ten other miscellaneous taxes; and others which must be first accepted by the Japanese authorities. These taxes are to be enforced from July 1, 1936, and those taxes which the Japanese have tolerated without specific approval are to continue to that date without modification. As to the procedure to be followed in assessment, the application of rates and the method of investigating the standard of assessment as specified in connection with national taxes shall be applied in the assessment of business surtax, house tax, and household income tax, while the rates approved by the Ministers of Civil and Finance Departments on the basis of general local taxation system shall be followed in the case of various miscellaneous taxes. The question of the delinquency in payment and the violation of laws shall be dealt with as in the case of national taxes.

(2) *Industrial Administration*

Next to taxation, the question of industrial administration had a far-reaching effect and required the best thought of various committee members in reaching an agreement. After repeated meetings of its subcommittee, the Hsinking Committee succeeded in formulating the general principles of industrial administration which it passed on September 5, 1935, and which the Manchurian Affairs Bureau Officials Conference at Tokyo approved on December 19, 1935. The general principles thus adopted specified: (1) that the question of industrial administration shall be taken up with the idea that the relinquishment of extraterritoriality and the adjustment and transfer of the administrative rights over the S. M. R. Zone shall be simultaneously realized; (2) that the Japanese Government recognize the application of Manchoukuo industrial regulations upon Japanese subjects within and without the S. M. R. Zone under the following plans, namely, (a) existing Manchoukuo industrial regulations (as enumerated in additional document) shall go into force from July 1, 1936, after a necessary period of preparation and (b) other regulations including new ones shall be enforced after receiving the Japanese recognition at the time until the transfer of the administration rights, but that, within the S. M. R. Zone, the Japanese authorities shall adjust the application of said regulations in case the latter is believed to crog the wheel of administrative functions; (3) that the relinquishment or transfer of all industrial administrative rights shall be effected at the time of the relinquishment or transfer of the administrative police rights; (4) that, until the relinquishment of consular jurisdiction, the Manchoukuo authorities shall confer with the Japanese authorities in connection with the important revision or abolition of Manchoukuo industrial regulations, the application of which is recognized by the Japanese, and the application of new regulations;

(5) that the judicial procedure necessary in the application and enforcement of Manchoukuo industrial regulations upon the Japanese subjects shall be handled by the consular courts until the relinquishment of consular jurisdiction; (6) that the Japanese authorities shall fully assist the Manchoukuo authorities in the use of administrative police rights relating to industry until the relinquishment of those rights; (7) that the preparations for the treaty relating to the adjustment of industrial administration shall be made with a view to concluding it within 1935 together with that relating to the adjustment of taxation; (8) that the Manchoukuo Government, in enacting and applying industrial regulations, shall respect the acquired rights of Japanese subjects especially and shall take into consideration their special status such as the harmony with various Japanese institutions and the protection of various industrial associations; and (9) that the Manchoukuo Government shall enact at an earliest date regulations relating to foreign juristic persons. To the above general principles, the Hsinking Committee attached a memorandum to the effect that the question of currency and finance shall be dealt with separately, while the Manchurian Affairs Bureau Officials Conference wrote in an understanding that the question of establishing Manchoukuo customs and taxation districts within the S. M. R. Zone and their smooth application shall be considered before March, 1936.

The list of industrial laws and regulations to be applied upon Japanese subjects was drawn up by the Hsinking Committee on November 18, 1935, and approved by the Manchurian Affairs Bureau Officials Conference on December 19, 1935. The list thus adopted included the laws and regulations in the following divisions: (1) industrial ownership right, such as Trade Mark Law and By-Laws, Trade Mark Registration Ordinance and By-Laws, Trade Mark Bureau Attorneyship Regulations, Patent Law, and related laws and regulations; (2) weights and measures such as Weights and Measures Laws and By-Laws, and Weights and Measures Licence Fee Regulations; (3) mining industry such as Mining Law and By-Laws, Mining Registration Ordinance and By-Laws, Regulations Limiting Mining Enterprises Relating to National Defence, Regulations Governing Mine Discoveries, Mining Fee Regulations, and Regulations Governing Gold Mining Areas; (4) markets such as Central Wholesale Market Law and By-Laws, and Domestic Animals Market Law and By-Laws; (5) livestock such as Horserace Law and By-Laws; and (6) miscellaneous groups such as Forestry Rights Adjustment Law, and Regulations Governing Fees Paid with Revenue Stamps.

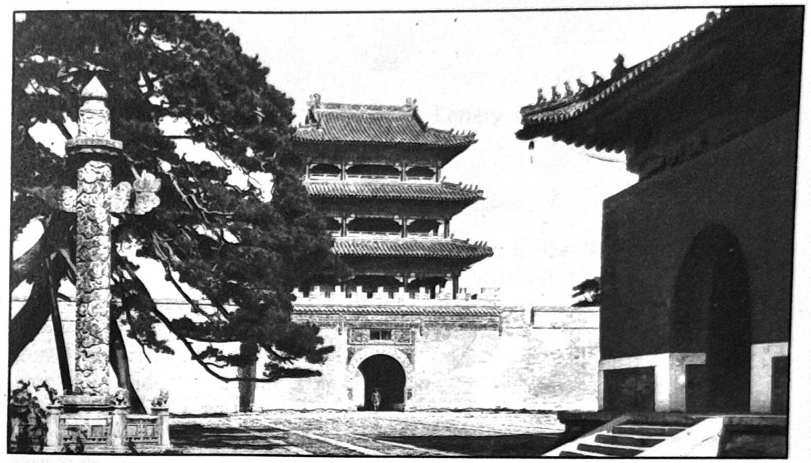
It should be added here that, in reaching the above agreement, the Hsinking Committee was faced with a most difficult question of deciding the relation of various industrial laws and regulations to the South Manchuria Railway Company. The Manchoukuo representatives contended that all Japanese juristic persons should fall under Manchoukuo laws and regulations without exception, while the South Manchuria Railway Company representatives contended that the Company was established as a special corporation under the Japanese Imperial Ordinance and the organization and its activities should be exempt from the application of Manchoukuo laws and regulations. As a result, the Manchoukuo representatives gave way and the Hsinking Committee, later approved by the Manchurian Affairs Bureau Officials Conference, attached an important condition to the list above described, namely, that the special rights of specially established Japanese juristic persons such as the

South Manchuria Railway Company which are based upon treaties shall be recognized but that the application of laws and regulations upon them shall follow special procedure to be determined by mutually cooperative spirit through Japan-Manchoukuo conferences.

Among other important reservations attached to the above agreement may be mentioned the following: (1) that the enforcement of laws and regulations on weights and measures, measurement, domestic animals markets, and horse races shall begin from the time of the transfer of the administrative police rights; (2) that the supervision of various Japanese industrial organizations shall be same as that which is prevailing under the Japanese authorities and shall avoid all violent changes; (3) that the profit accruing to various Japanese industrial organizations now shall be respected; and (4) that the Manchoukuo laws and regulations relating to those matters which can be adjusted before the date of the treaty enforcement shall be recognized and enforced by agreement between local authorities.

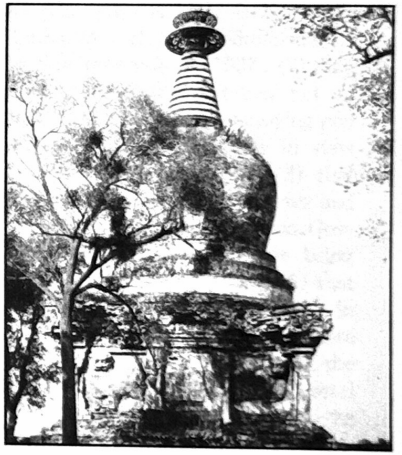
(3) *Financial Administration*

The application of Manchoukuo laws and regulations upon industry necessitated the smooth working of the financial administration. For this purpose, therefore, the Hsinking Committee drew up general principles in adjusting the financial administration on December 3, 1935, and the Manchurian Affairs Bureau Officials Conference approved this decision on December 20, 1935. Among other things, the principles of general procedure proposed were: (1) that the Japanese Government shall recognize the application of Manchoukuo financial laws and regulations upon Japanese subjects outside of the S. M. R. Zone simultaneously with the application of industrial laws and regulations, but that the Manchuokuo Government shall enforce such laws and regulations after a necessary period of grace, avoid sudden changes in the supervisory policy, respect the profit accruing to the existing financial institutions, and employ the officials of Japanese ancestry in supervising Japanese financial institutions; (2) that the application of Manchoukuo financial laws and regulations within the S. M. R. Zone shall follow the transfer of the administrative police rights under the same conditions above specified; (3) that the revision of Manchoukuo financial laws and regulations already recognized and the creation of new ones shall be done for the time being after consultation with the Japanese authorities; (4) that the legal procedures necessary for the application and enforcement upon Japanese subjects of penal regulations prescribed in financial laws and regulations shall be handled by the consular courts until the relinquishment of the latter; (5) that the Japanese authorities until the transfer of Japanese administrative police rights shall fully assist the Manchoukuo authorities in the use of latter's administrative police rights relating to financial matters; (6) that Manchoukuo, in creating and enforcing laws and regulations on finance, shall respect the acquired rights of Japanese subjects and shall pay special attention to bring about harmony with various Japanese institutions; and (7) that the treaty relating to this subject shall be concluded together with those relating to industrial administration rights and taxation rights. The list of financial laws and regulations attached enumerated fifteen laws and regulations including Currency Law, Banking Law, Cooperative Finance

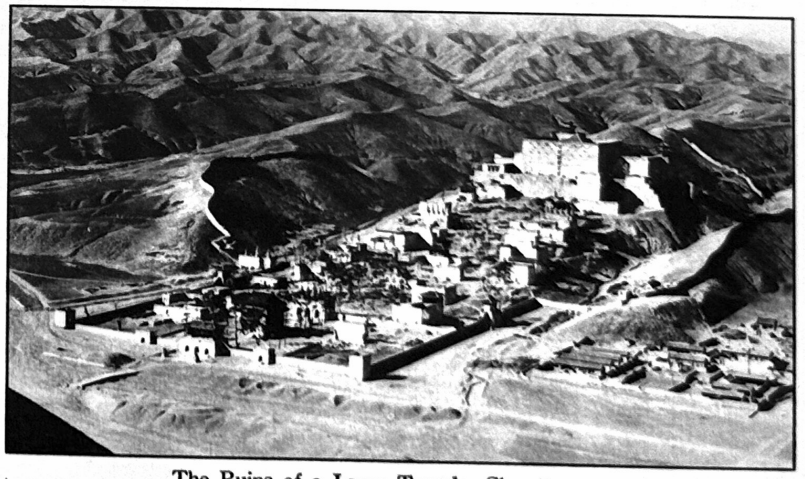


The Pei-ling or North Mausoleum, Mukden

The "White Tower," Liaoyang



A Lama Tower, Mukden



The Ruins of a Lama Temple, Chengte

Association Law, Exchange Control Law, Lottery Law, and Gold Purchase Law.

(4) *Postal Administration*

The transfer of Japanese postal administration in the S. M. R. Zone required a detailed preparation and naturally presented various difficulties. The Hsinking Committee, however, reached an agreement upon general principles on July 8, 1935, and the Manchurian Affairs Bureau Officials Conference, taking into consideration what has transpired during the half year which followed, approved it with some modifications on January 31, 1936.

The general principles thus agreed upon specified the procedures necessary in dealing with various branches of the postal administration. Of these the more fundamental matters were as follows: (1) that the recognition of the application of Manchoukuo communication laws and regulations upon Japanese subjects in Manchoukuo and the transfer of postal administration right in the S. M. R. Zone shall be made simultaneously in 1937; (2) that, in adjusting the postal administration right, care shall be taken not to diminish the security and convenience which the public is now enjoying and to adopt measures most suited to the prevailing conditions, specially in view of the increasing intimacy of future Japan-Manchoukuo relations; (3) that the Manchoukuo Government shall perfect as soon as possible the laws and regulations governing postal administration; (4) that the Manchoukuo Government shall recognise the use of Japanese currency for the time being and shall continue the prevailing system of various postal rates; (5) that the Manchoukuo Government shall carry on Japanese activities in trust in connection with those postal administration activities which specially require such a procedure; (6) that the Manchoukuo Government shall keep up the standard of equipments and services throughout various branches of postal administration; and (7) that the legal process necessary in connection with the application and enforcement of Manchoukuo communication laws and regulations upon Japanese subjects shall be handled by the consular courts until the relinquishment of the latter. The agreement then specified the details of procedure in handling various branches of postal administration activities such as postal service, postal money order, postal savings, post office insurance, postal annuity, payment of principals and interests on treasury bonds, payment of pensions, and sale of revenue stamps.

(5) *Equipments and Personnel*

One of the most important questions which was taken up early and upon which an agreement was reached without much difficulty was the question of the disposition of the equipments and personnel. The general principle was agreed upon by the Hsinking Committee on July 8, 1935, and was approved without change by the Manchurian Affairs Bureau Officials Conference on November 11, 1935. The procedure thus agreed upon contained the following principles: (1) that the equipments and personnel which must be disposed of as a result of the relinquishment of extraterritoriality and the transfer of the administrative rights over the S. M. R. Zone shall

be taken over by Manchoukuo; (2) that Japan and Manchoukuo shall conclude an agreement covering the transfer of the equipments and personnel for the purpose of drawing up necessary budget six months before the year of the proposed transfer; (3) that the equipments, for the purpose of transfer, shall be divided, in accordance with their nature, into two classes of with or without compensation and each item shall be examined and dealt with separately; (4) that the status of the personnel to be transfered, in order to eliminate discrepancy with respect to the status of Manchoukuo officials of Japanese ancestry, shall be determined by the Japanese and Manchoukuo authorities in consultation; and (5) that the mutual benefit associations and other welfare establishments which are already maintained by the Japanese shall be guaranteed by the Manchoukuo authorities before taking over the personnel. A special additional agreement was proposed to handle the equipments and personnel of the South Manchuria Railway Company (For further development, see below, Section 14 : 1 and 5).

(6) *Education*

The Japanese Government, mostly through the instrumentality of the South Manchuria Railway Company, has established and maintained numerous educational institutions within the S. M. R. Zone and elsewhere in Manchoukuo. The Government General of Chosen participated in the education of Chosenese in Manchoukuo wherever they are congregated in large numbers. Who should control these educational institutions after the relinquishment of extraterritoriality and the administrative rights over the S. M. R. Zone became a mooted question and numerous committee meetings and conferences were held before all parties concerned agreed upon any workable procedure.

After careful deliberations in its subcommittee, the Hsinking Committee reached an agreement on general principles on September 5, 1935. The general principles thus adopted stipulated that the education of Japanese children in Manchoukuo, even after the relinquishment of extraterritoriality, shall be carried on by the Japanese authorities but that the education of Manchurians within the S. M. R. Zone shall be transfered to Manchoukuo. This transfer shall be made simultaneously with the administration of various S. M. R. Zone activities in conjunction with the transfer of general administrative rights.

In adopting the above principles, the Committee also adopted an outline of general procedure with regard to the education of Japanese children in Manchoukuo. It outlined the following general principles: (1) that the educational system within and without the S. M. R. Zone, for the purpose of bringing about the universal reach of the education of Japanese children in Manchoukuo and rationalizing the school management, shall be simplified and brought under one supervision; (2) that the management of schools shall be entrusted to the Educational Associations to be established or Japanese Associations already in existence; (3) that the educational expenses shall be met by the organizations managing the schools, the Japanese Government, the South Manchuria Railway Company, and the Manchoukuo Government all contributing to this end; (4) that the Japanese Ambassador to Manchoukuo shall supervise the educational administration and that appropriate agencies shall supervise the schools and managing organizations in various localities; and (5) that the Japanese Ambassador to Manchoukuo shall directly supervise institutions of collegiate or higher standing.

The education of Chosenese children in Manchoukuo was taken up separately by the Hsinking Committee and an outline of procedure was drawn up on November 30, 1935. It specified: (1) that the education of Chosenese children in Manchoukuo shall be conducted by the Manchoukuo Government after the relinquishment of extraterritoriality and the transfer of the administrative rights over the S. M. R. Zone; (2) that the adjustment and transfer of schools for Chosenese children above stipulated shall be made simultaneously with the transfer of the schools for Manchurian children which are located within the S. M. R. Zone; and (3) that the Manchoukuo Government, for the time being, shall consult the Japanese authorities on all important matters relating to the education of Chosenese children in Manchoukuo. The general principles in educating Chosenese children were also drawn up together with the above agreement. These included: (1) that the elementary education of Chosenese children, remembering that they are Japanese subjects, shall be carried on with a view to harmonizing it with the fundamental principles of state organization as one of the five racial elements constituting Manchoukuo; (2) that the Chosenese School Associations shall be established to manage schools in various localities except in such districts as Chientao with a large number of Chosenese population where local associations may be entrusted with the same responsibility; and (3) that the school expenses shall be borne by the managing agencies, both Manchoukuo and Japanese Governments contributing necessary subsidies (For further development, see below, Section 14 : 2).

(7) *Religious Administration*

The question of religious administration was disposed of by the Hsinking Committee without much difficulty on November 30, 1935. It was agreed that the religious administration shall be either relinquished or transfered to Manchoukuo simultaneously with the relinquishment or transfer of administrative police rights but that the Manchoukuo Government shall devise special procedure upon those matters which had been approved or licenced before the relinquishment or transfer. The Manchurian Affairs Bureau Officials Conference approved this procedure on July 27, 1936.

On the same date, however, the Hsinking Committee drew up general principles governing the maintenance of shrines. It agreed that the Japanese authorities shall continue the administration of shrines after the relinquishment of extraterritoriality and the transfer of administrative rights over the S. M. R. Zone and that the treaty on the subject shall be specially concluded at an appropriate time. The separation of the administration of shrines from the general religious administration was made in view of the fact that shrines as an expression of ancestor worship represent the racial heritage of the Japanese people and that this peculiar institution differs from other religions fundamentally, necessarily presenting a peculiar existence in Manchoukuo. The Manchurian Affairs Bureau Officials Conference, in approving the above decisions on July 27, 1936, therefore, specially suggested that the Manchoukuo Government shall assist the Japanese authorities in effecting the smooth administration of shrines within Manchoukuo.

(8) *Customs Administration*

The Hsinking Committee agreed on November 30, 1935, to recognize the enforcement of Manchoukuo customs administration within the S. M. R. Zone simultaneously with the transfer of the administrative police rights. Until that time, the Japanese authorities shall recognize the enforcement of Manchoukuo customs laws and regulations within the S. M. R. Zone upon following conditions: (1) to consult the Japanese authorities in determining the place and date of establishing customs office, including branches, in designating the warehouses both within and without the bonded areas, in granting or revoking licences for bonded warehouse brokers and customs brokers, in devising the method of procedure for customs officers outside of the bonded areas, and in determining the nature of tariff administration outside of the customs house administration; (2) to require the presence of Japanese police officers in connection with inspection, search, inquest, attachment, and other rights except within the bonded areas; (3) this agreement not to affect the adminstrative police right concerning customs and other matters within the S. M. R. Zone; and (4) to consult the Japanese authorities in enacting or abolishing customs regulations affecting the S. M. R. Zone. It also specified that, until the relinquishment of consular jurisdiction, the application and execution upon Japanese subjects of penal regulations of customs laws which require legal procedure shall be handled by the consular courts until the relinquishment of consular jurisdiction; that Japan, with the recognition of Manchoukuo customs autonomy within the S. M. R. Zone, shall recognize the application of Manchoukuo laws and regulations upon matters relating to import and export procedures and to prohibited goods and all other matters which concern the administration of customs supervision; and that preparations shall be made for the conclusion of the treaty concerning this agreement before March, 1936. It was understood, however, that this agreement shall not affect either the Kwantung Leased Territory or special privileges concerning customs granted to specified Japanese under the Japan-Manchoukuo Treaties.

(9) *Monopoly and Salt Administration*

The questions relating to the monopoly and salt administration were settled without any difficulty by the Hsinking Committee on November 30, 1935.

The fundamental principles laid down specified that the application to Japanese subjects outside of the S. M. R. Zone of Manchoukuo laws and regulations relating to the monopoly and salt administration shall be recognized from 1936; that the enforcement of Manchoukuo laws and regulations concerning oil monopoly and salt administration within the S. M. R. Zone shall be recognized at the time of the transfer of administrative police rights and taxation right, turning over to the Manchoukuo Government the administration of opium monopoly at the same time; that the Japanese authorities, in addition to enforcing the existing regulations, shall assist the Manchoukuo authorities in accordance with necessity until the above specified time; and that the legal procedure necessary in applying to Japanese subjects the penal section of the Manchoukuo laws and regulations relating to monopoly and salt administration shall be taken up by the consular courts until the relinquishment of the consular jurisdiction.

(10) *Police Administration*

The relinquishment of police administration raised numerous complicated questions but the Hsinking Committee reached an agreement upon general principles on July 8, 1935. Basing its investigations and deliberations upon the findings of the Hsinking Committee, the Manchuria Affairs Bureau Officials Conference at Tokyo reached a general agreement on January 17, 1936.

It laid down the general principles for relinquishing the administrative police rights within 1937 together with the relinquishment of extraterritoriality and the transfer of the administrative rights over the S. M. R. Zone. In order to make such relinquishment or transfer to function smoothly, it was proposed (1) to cooperate fully in regulating the substance of important police laws and regulations of both countries and in effecting the harmony of their application, and (2) to consult each other in connection with either the new stationing or the important changes in the stationing of police. It suggested that the Manchoukuo authorities shall consult the Japanese authorities in the revision, abolition, or new application of Manchoukuo police laws and regulations before the relinquishment of administrative police rights and consular jurisdiction, and that the legal procedure necessary in the application of those laws and regulations upon Japanese subjects shall be carried out by the consular courts. It further suggested that the Japanese police shall be used for the time being in enforcing upon Japanese subjects the police laws and regulations after the relinquishment or transfer of administrative police rights and that the Manchoukuo authorities for the time being shall endeavor to maintain the existing equipments and personnel in order to keep up the degree of protection which the Japanese subjects now enjoy. It specified also that the Manchoukuo police shall, until the relinquishment or transfer of judicial police rights, assist the judicial police activities of the consular courts, take steps to effect close cooperation between Japanese and Manchoukuo police forces after the relinquishment or transfer of administrative police rights, and endeavor to perfect the police system in the future so as to assure peace and order for the safe residence and development of Japanese in Manchoukuo (For further development, see below, Section 14 : 7).

(11) *Consular Jurisdiction*

The Hsinking Committee reached an agreement relating to the relinquishment of consular jurisdiction at its meeting on November 4, 1935. The general principles thus adopted outlined that the preparations for the relinquishment of consular jurisdiction, including the judicial police rights, shall be completed by the end of 1937 and that it shall be relinquished as soon as the preparations are completed even before that date. It suggested that the Manchoukuo Government should pay special attention to the following matters in perfecting its judicial system: (1) to take into consideration the general condition of the country and the mode of Japanese life in pre-

paring judicial laws and regulations; (2) to employ Japanese judicial officers for the time being in handling judicial matters affecting Japanese subjects; (3) to enable Japanese to become lawyers; and (4) to institute special equipments for punishing Japanese. It proposed to evolve special procedure in dealing with the judicial cases and matters which are being handled by the Japanese authorities at the time of the relinquishment of consular jurisdiction. These principles were approved by the Manchurian Affairs Bureau Officials Conference on July 29, 1936 (For further development, see below, Section 14 : 6).

(12) *S. M. R. Zone Administration*

The administration of the S. M. R. Zone involved numerous activities and its transfer to Manchoukuo required a careful study of all phases before a detailed agreement could be devised. The Hsinking Committee reached an agreement on the general principles of the transfer on November 9, 1935, and the Manchurian Affairs Bureau Officials Conference approved them on July 20, 1936, but left the detailed arrangements for future deliberations.

The general principles thus agreed upon stipulated that the transfer of the administrative rights involving various local administrative programs which the Japanese Government has entrusted upon the South Manchuria Railway Company (with the exception of the education of Japanese children) shall be dealt with in entirety; that all local administrative equipments of the South Manchuria Railway Company except those which are necessary for the education of Japanese children and for the execution of the Company's business shall be transfered to the Manchoukuo Government; that such a transfer shall take place at the time of the transfer of the administration rights over the S. M. R. Zone and not later than the relinquishment of consular jurisdiction; and that the taxes collected by the South Manchuria Railway Company for public expenses shall cease at the same time. The general principles to be followed in transfering the equipments and personnel which the South Manchuria Railway Company must adjust were then outlined: that the Manchoukuo Government shall succeed to the equipments and personnel without change; that, in connection with the transfer of equipments and personnel, the agreement upon matters necessary for the formation of budget shall be completed before June of the year previous to the contemplated year of the transfer; that the evaluation of the equipments to be transfered shall be dealt with separately; that the treatment of the personnel to be transfered, with a view to keeping the balance between the prevailing S. M. R. positions and the Manchoukuo officers' positions, shall be dealt with through consultation between the Japanese and Manchoukuo authorities; and that the Manchoukuo Government shall endeavor to establish general welfare institutions such as the mutual aid system which the South Manchuria Railway Company maintains in the interest of its employees (For further development, see below, Section 14 : 4).

(13) *Extraterritoriality of Foreign Powers*

With the contemplated relinquishment by Japan of her extraterritorial rights in Manchoukuo, the question concerning the handling of other Powers

which enjoy extraterritorial rights in China naturally came up. Should they enjoy similar rights in Manchoukuo after Japan's relinquishment of those rights? If not, what should be the proper procedure? These and other related questions were taken up by the Hsinking Committee early in the stage of its deliberations and the general principles were agreed upon on July 8, 1935.

The general principles thus adopted outlined that the Manchoukuo Government shall not succeed to treaties relating to extraterritorial rights which exist between China and Powers with the exception of Japan; that the Manchoukuo laws and regulations shall be enforced upon citizens of Powers possessing extraterritorial rights in China as upon Japanese in gradual stages in accordance with the graduated adjustment and relinquishment of Japan's extraterritorial rights; that the private right which the Japanese citizens specially enjoy such as the land ownership or leasing rights shall not be granted to the citizens of the Powers without treaty relationship with Manchoukuo, irrespective of granting or not granting recognition or possessing or not possessing extraterritorial treaty rights in China; that the Manchoukuo Government, in concluding treaties with Powers in the future, shall grant foregoing private rights in accordance with the principle of mutual equality; and that the Manchoukuo Government shall take steps to proclaim the above stated principles at the time of the conclusion of the first treaty with Japan for the relinquishment of extraterritoriality.

(14) *Military Administration*

The general principles governing the military administration over the Japanese subjects in Manchoukuo after the relinquishment of extraterritorial rights and administrative rights over the S. M. R. Zone were agreed upon by the Hsinking Committee on November 30, 1935. Under this preliminary agreement, the military administration of Japanese subjects in Manchoukuo, such as recruiting, enlisting, and summoning, shall be carried on by the Japanese authorities after the relinquishment of extraterritoriality and the transfer of the administrative rights over the S. M. R. Zone and that the Manchoukuo Government shall devise appropriate means to assist the execution of such military administration. It stipulated, furthermore, that the Japanese authorities shall abolish the administration relating to the investigation of resources, requisition, and munitions industry mobilization within the S. M. R. Zone at the time of the relinquishment of the administrative police rights and that the Manchoukuo Government shall devise necessary means to satisfy the Japanese authorities upon those matters. It was suggested that Japan and Manchoukuo shall conclude necessary treaty or agreement relating to these matters of military administration.

13 First Treaty and Agreement

Meanwhile, negotiations based upon the deliberations and findings of the Hsinking and Tokyo Committees were progressing between Japanese and Manchoukuo authorities. The first subject upon which an agreement was reached was general policy in regard to the application to Japanese

subjects in the S. M. R. Zone of the Manchoukuo regulations concerning industries. The general policy thus agreed upon and announced on August 16, 1935, embraced the following points: (1) enforcement on and after January 1, 1936, of industrial regulations promulgated by Manchoukuo with the exception of special regulations; (2) continuation of those industrial regulations now enforced by the Kwantung Bureau but not yet enacted by the Manchoukuo Government until the promulgation of new regulations to replace them; (3) formulation of provisional measures with respect to the continued use of the Bank of Chosen currency now circulating in the S. M. R. Zone; (4) promulgation of a new exchange law, an insurance law, and other related regulations before the total abolition of extraterritoriality; (5) promulgation of regulations governing foreign corporations; and (6) temporary adoption by the Japanese authorities of Manchoukuo penal regulations pending the complete withdrawal of extraterritoriality. Of the projected measures above announced, a perfect agreement was reached before the end of the year with regard to the important question of currency and the yen-yuan exchange.

The negotiations upon the details of the other subjects continued between Tokyo and Hsinking. Various difficulties presented themselves in the actual arrangement of such a historic nature and the year ended without seeing the final agreement. However, a decided progress had been made during the ensuing months in tune with the vigorous activities of various Committees already mentioned above that a tentative agreement had been reached by the end of February, 1936. Necessary preliminaries took up the following three months and the first Japan-Manchoukuo Extraterritoriality Treaty was signed at Hsinking on June 10, 1936, by General Kenkichi Uyeda, the Japanese Ambassador to Manchoukuo, and M. Chang Yen-ching, the Manchoukuo Minister for Foreign Affairs.

By this Treaty, which went into force on July 1, 1936, the Manchoukuo Government granted to Japanese subjects the freedom "to reside and travel and engage in agriculture, commerce, and industry, and to pursue callings and professions, whether public or private" and "all the rights relating to land" in Manchoukuo. In return, the Japanese Government agreed to relinquish in progressive stages its extraterritorial rights in Manchoukuo and to transfer or to adjust its administrative rights over the S. M. R. Zone. As a first step in this direction the Japanese Government recognized, subject to the stipulations specified in the Supplementary Agreement, the enforcement upon Japanese subjects residing in Manchoukuo, including juristic persons, of administrative laws and ordinances of Manchoukuo. It clarified, however, that, in doing so, "Japanese subjects shall not be accorded less favorable treatment than that which is or may be accorded to the subjects of Manchoukuo." The Treaty moreover exempted "the rights, privileges, immunities, and exemptions of particular Japanese subjects or juristic persons based on the special engagements entered into between Japan and Manchoukuo." (For the full text of the Treaty, see Appendix III, No. 1:2).

The Supplementary Agreement was drawn up to prevent sudden and violent changes in the economic life of Japanese subjects in Manchoukuo on account of the partial relinquishment of extraterritoriality. They embraced the points of immediate importance from among various findings of

Special Waiting Room of the New Dairen Station

A Night View of the New Dairen Station

A Waiting Room of the New Dairen Station

the Hsinking and Tokyo Committees. A most notable stipulation was the proposed relinquishment of Japanese administrative police throughout Manchoukuo, including the S. M. R. Zone, by the end of 1937. For this purpose, the Manchoukuo Government was requested to perfect its police system and make preparations necessary for taking over the Japanese institutions and staffs concerned. Another important stipulation was the conversion of the "rights of 'lease by negotiation'" into "landownership or other rights relating to land as the case may be," thus ending a long-standing Sino-Japanese controversy predating the establishment of Manchoukuo. The scope of the Manchoukuo administrative laws and ordinances to be enforced upon Japanese subjects and all important alterations thereof were to be decided upon through consultation between the Japanese Ambassador and the Manchoukuo Foreign Minister. The Supplementary Agreement then enumerated the administrative laws and ordinances relating to taxation (land tax, immovable-property contract tax, business tax, juristic persons' business tax, crop-output tax, timber tax, mining tax, mining registration tax, alcoholic drinks tax, cigarette tax, consolidated taxes, commercial registration tax, patent registration tax, utility-model registration tax, and local taxes) and industry (industrial property, weights and measures, measurement, mining, markets, stock-farming, finance, and monopoly) to be enforced and regulated the enforcement of reduced rates for the time being, such as one-fourth of the original rates in respect of business tax, household income tax, and the house tax levied on individuals and one-third of the original rates in respect of juristic person's business tax, and the house tax levied on juristic persons. The application and execution of these laws and ordinances, in so far as they require judicial procedure, were to be effected by the Japanese Consular Officers until the relinquishment of consular jurisdiction. Until the transfer of administrative police rights within the S. M. R. Zone, the Japanese Government was to levy within the S. M. R. Zone "taxes which are as far as possible the same as the national taxes imposed by Manchoukuo upon Japanese subjects." Moreover, the Manchoukuo Government agreed not to levy local taxes within the S. M. R. Zone until the disposition of various existing institutions is completed. It required the Manchoukuo Government to take over the Japanese institutions and staffs within the S. M. R. Zone "in the condition then existing" and also to take "appropriate steps to redress the grievance" in case "any Japanese subject makes a complaint against the administrative measure taken by the competent authorities of Manchoukuo" with reference to the Manchoukuo laws and ordinances (For the text, see Appendix III, No. 1 : 3).

To the Treaty and the Supplementary Agreement was attached the "Agreed Terms of Understanding." These "Agreed Terms" stipulated that, in case a Japanese subject desires to acquire land in Mongolia, he shall be required to obtain the permission of Manchoukuo authorities; that the Manchoukuo Government shall pay each year a share of the expenses of educational work for Japanese subjects within Manchoukuo; that the Manchoukuo Government shall "further improve the existing system of taxation"; that the Manchoukuo Government, in applying the Manchoukuo laws and ordinances upon Japanese subjects, shall "take the steps necessary for the protection of the rights or interests which Japanese subjects now enjoy under the laws and ordinances of Japan, or by usage"; and that

"the imposition and collection of consumption tax on articles produced within and consumed without the S. M. R. Zone, and also on articles produced without and consumed within the said Zone," shall be decided upon by consultation between Japanese and Manchoukuo authorities (For the text, see Appendix III, No. 1 : 4).

The special agreement upon the last item of the Understanding above referred to was concluded between the Manchoukuo Minister of Finance and the Director of the Kwantung Bureau on June 29, 1936, and went into force on July 1, 1936. It laid down the fundamental principles governing the imposition of consumption tax on liquors, tobacco, flour, and cement which are produced either within or without the S. M. R. Zone and consumed respectively either without or within the S. M. R. Zone. Then it set up a detailed schedule of rates to be imposed.

For the mutual protection of various commercial and industrial rights, a special Japan-Manchoukuo Agreement was also signed on June 29, 1936, and went into force on July 1, 1936. Under this Agreement, when the citizens of either Japan or Manchoukuo take prescribed legal steps for patent or other applications in the other country, they are guaranteed the same legal protection as the citizens of that country. Moreover, it recognizes the priority right of applications in both countries from the date of first application in either country provided the application made in the country is followed by another application in the other country within twelve months in the case of invention patents and utility models and designs and six months in the case of trade marks.

Thus went into force on July 1, 1936, the first link in the eventual relinquishment of Japan's extraterritorial rights in Manchoukuo and administrative rights over the S. M. R. Zone. As a result of careful planning, no difficulty was felt during this first transition period. In order to aid such a smooth transition, about 100 from among 206 members who were connected with the tax collection system within the S. M. R. Zone were transfered to the Manchoukuo Government by the end of August, 1936. With the enforcement of Manchoukuo taxation system, however, the Residents Associations within the S. M. R. Zone completely lost the source of its revenue and the Manchoukuo Government, as an emergency measure, granted some 596,000 yuan to defray the expenses of seventy-nine such Residents Associations until the latter's proposed dissolution before October 1, 1937. Accordingly, these seventy-nine Residents Associations, some of them with a history of thirty years behind them, were disbanded before that date and new organizations were formed under the Manchoukuo flags.

14 Third Stage of Preparation

The general principles relating to all important phases of the relinquishment of extraterritoriality and administrative rights over the S. R. R. Zone having been laid down and the Treaty covering the enforcement upon Japanese subjects of Manchoukuo laws and regulations concerning industry and taxation having been concluded, the third stage of preparation, from the spring of 1936 to the autumn of 1937, concerned the details of final arrangements.

(1) *Equipments in the S. M. R. Zone*

As early as October 25, 1935, the South Manchuria Railway Company, at its Director's meeting, had reached a definite decision with regard to the disposition of its equipments in the S. M. R. Zone under three groups, those which are to be retained by the Company, those which are to be turned over to the Japanese Government, and those which are to be turned over to the Manchoukuo Government. After the general principles of the transfer had been decided upon by the Hsinking Committee on August 8 and by the Manchurian Affairs Bureau Officials Conference on November 11, 1935 (See above, Section 12 : 5), negotiations and deliberations continued until April 17, 1936, when the Hsinking Committee reached an agreement upon this complicated question.

According to this agreement, the equipments to be transfered to Manchoukuo were enumerated as follows :

(1) From the Kwantung Bureau : police offices outside of the Kwantung Leased Territory, post offices, branch observatories, monopoly office branches and agencies, opium sanatoriums, public health offices, weights and measures office branches, and revenue offices, all including official residences.

(2) From the Japanese Embassy : consular police offices and prisons, all including official residences.

(3) From the Government General of Chosen : hospitals and public schools, all including official residences.

(4) From the South Manchuria Railway Company : public schools for Manchurians, subsidized schools for Manchurians, subsidized schools for Chosenese, public libraries outside of the Kwantung Leased Territory, women's hospitals, quarantine hospitals, public physician's offices, public health offices, special quarantine wards, roads outside of the Kwantung Leased Territory, embankments and revetments, bridges, sewers, parks and playgrounds outside of the Kwantung Leased Territory, cemeteries, crematories, funeral pavilions, fire stations, street lightings, time information equipments, water supply system (excepting reservoirs and supply for railroads and mines), assembly halls, clubs, employment agencies, lodging houses, swimming pools and recreation grounds outside of the Kwantung Leased Territory, and miscellaneous grounds (air ports and military grounds).

In addition, the following educational institutions outside of the Kwantung Leased Territory were to be transfered by the South Manchuria Railway Company to the Japanese authorities : Educational Research Institute, kindergartens, primary schools, continuation schools, middle schools, girls high schools, commercial schools, agricultural schools, technical schools, young men's institutes, girls domestic science schools, and practical training schools.

It should be noted also that the hospitals and various industrial institutions, such as agricultural experimental stations, veterinary institute, and sheep farms, were, at least for the time being, to be retained by the South Manchuria Railway Company (Cf. below, Sec ion 16).

The question of compensation for the equipments to be thus transfered required more time for solution. The South Manchuria Railway Company had reached an agreement upon its policy in this respect at its Directors' Meeting on January 11, 1936, and the evaluation of various equipments as of the last day of 1935 had been drawn up carefully. After conferences

and negotiations, the Hsinking Committee, in deciding the disposition of various equipments on April 17, agreed that the Japanese Government shall compensate the South Manchuria Railway Company for all equipments to be transfered to both Japan and Manchoukuo. The evaluation, on the basis of the above decision, totaled 195,400,000 yen, 141,400,000 yen for equipments to be retained by the Company, 33,300,000 yen for those to be transfered to Manchoukuo, and 20,700,000 yen for those to be transfered to Japan. On the other hand, the Japanese Government was to transfer all equipments except official residences free of charge to the Manchoukuo Government.

The work of various committees which followed and continued until December, 1937, chiefly concerned the details of handling various equipments in the light of the above adopted principles.

(2) *Organization of Educational Administration*

Since the adoption of general principles by the Hsinking Committee on September 5, 1935 (See above, Section 12 : 6), much criticism was directed toward what appeared to be the double standard of Japanese education, namely, the retention of the education of Japanese children by the Japanese authorities and the transfer of the education of Chosenese children to Manchoukuo. And thus, after a series of conferences and negotitations, the Hsinking Committee modified the former agreement on April 17, 1936. The revised version stipulated that the education of Japanese children in Manchoukuo shall be carried on by the Manchoukuo authorities but that, in the light of the prevailing local conditions, the education of Japanese children and a portion of Chosenese children shall be reserved by the Japanese authorities for the time being. It further stipulated that exactly what is to be reserved by the Japanese authorities shall be determined separately and that the Manchoukuo authorities shall consult the Japanese authorities for the time being concerning all important matters relating to the education of Japanese children. Then, it suggested that the Manchoukuo authorities shall take steps not to lower the standard of education of Japanese children and to devise appropriate means in facing the problem of race relationship at places where various races live together in large numbers; that the primary education of Japanese children shall be executed in such a way as to fit them, although Japanese, as a constituent member of Manchoukuo in the light of the foundation principles of the State; that, in principle, the School Associations or other local bodies shall manage the schools; and that the expenses shall be borne by such managing organizations, both Manchoukuo and Japanese authorities contributing large shares of expenses. These decisions were approved by the Manchurian Affairs Bureau Officials Conference on August 8, 1936.

For one year following, special attention was given in working out the details of the machinery of educational administration to be set up after the relinquishment of extraterritoriality. The result of these deliberations and findings became the subject of discussion before the Joint Conference of the officials of the Manchurian Affairs Bureau and the representatives of various groups in Manchoukuo which was held at Tokyo from January 25 to February 5, 1937. And at last, a complete agreement was reached with regard to the organization of this important work which was eventually proclaimed

by necessary laws and ordinances on December 1, 1937.

The general principles of practical procedure thus agreed upon stipulated: (1) that the education of Japanese children in Manchoukuo shall be supervised by the Department of Foreign Affairs through its Embassy at Hsinking but that the formation of budget shall be handled by the Manchurian Affairs Bureau in consultation with the Department of Foreign Affairs; (2) that the administration of education shall be entrusted as much as possible to the authorities in Manchoukuo and that only the important matters shall be handled by the central authorities; (3) that there shall be established School Associations at various localities and Federation of School Associations at Hsinking for the purpose of managing schools and the Educational Affairs Bureau in the Japanese Embassy at Hsinking for the purpose of general supervision, and that, in place of establishing further local agencies, the Manchoukuo officials shall be asked to assist this work locally (e. g., the Chief of the Provincial General Affairs Department serving as the President of the School Association); and (4) that the Manchoukuo officials shall be asked to hold offices of School Associations in addition to their regular duties and to assist the management of schools.

The Educational Affairs Bureau to be established in the Japanese Embassy at Hsinking is to have three Departments, namely, Secretariat, Educational Affairs Department, and Health Department. The School Association is to be a juristic person composed of all Japanese subjects who maintain residence and earn independent livelihood in a given locality; it has power to collect fees and to issue debentures; it is to have a president appointed by the Japanese Ambassador (usually the Chief of the Provincial General Affairs Department) and several salaried and honorary offices, the honorary offices being filled jointly by Hsien officials; it is to have an Advisory Board composed of the Association members to advise the president; at least one School Association is to be established within one Province, with one or more branches in various districts, to manage schools. These School Associations are to be established at Hsinking Special Municipality and all provincial capitals. There are also to be established twelve School Associations to manage schools for Chosenese children, at Antung, Mukden, Fushun, Tiehling, Ssupingkai, Hsinking, Yingkou, Fenghuangcheng, Anshan, Penhsihu, Kungchuling, and Kaiyuan. The Federation of School Associations is to be organized at Hsinking for the purpose of managing secondary schools. It is to be a juristic person, composed of all School Associations, with powers to collect fees and to issue debentures. It is to be headed by a president and several salaried and honorary officers who are appointed by the Ambassador.

(3) *School Expenditures*

The South Manchuria Railway Company annually expended some 15,000,000 yen in the upkeep of its schools. With the transfer of educational activities assured and the organization of new educational administration projected, the source of such a huge expenditure became another mooted question.

That the Japanese residents in Manchoukuo can not bear the entire burden is shown clearly by the fact that their contribution to the above stated amount of expenditures was roughly 800,000 yen a year. If the sources of

adequate expenditures can not be found in Japan and Manchoukuo, the school system which the South Manchuria Railway Company had built up with utmost care in the course of the last thirty years will have to face deterioration. As a result, the representatives of the Department of Foreign Affairs, Manchurian Affairs Bureau, and the South Manchuria Railway Company had drawn up in 1935 a first draft plan under which 20 per cent of the running expenses were to be borne by the Japanese residents and the balance to be equally divided between Manchoukuo, Japan, and the South Manchuria Railway Company.

The South Manchuria Railway Company, however, saw no reason why it should continue to support schools after their transfer and vigorously protested against such an apportionment. By the spring of 1936, consequently, the entire attitude had undergone a change and, as a result of continued negotiations during March and April, it has been decided that the Japanese Government shall bear all educational expenditures and that the equipments shall be duly compensated. Thus was drawn up the second proposal which was approved by the Hsinking Committee on April 17, 1936. This second plan proposed: (1) that the primary schools for Japanese children shall be supported by the School Associations (5.00 yen a year per student enrolled), the Manchoukuo Government (30.00 yen a year per student enrolled), and the Japanese Government (the balance); (2) that the secondary schools for Japanese children shall be supported entirely by the Japanese Government; and (3) that the schools for Chosenese children shall be entrusted to and supported by the Manchoukuo Government, the Japanese Government contributing at the rate of 7.00 yen a year per student enrolled.

At Tokyo, questions were raised against the second plan from three angles: that the responsibility to be borne by the residents is too light; that the burden to be borne by the Japanese Government is too heavy; and that the South Manchuria Railway Company should continue to contribute its shares. As a result, the first Tokyo plan was drawn up as follows: (1) that the primary school expenditures shall be divided into two classes of ordinary and extraordinary expenditures, that the ordinary expenditures for existing schools and new schools shall be distributed respectively among four sources, namely, the Japanese Government—as before and 70 per cent, the South Manchuria Railway Company—as before and 10 per cent, the Manchoukuo Government—30.00 yen per student enrolled and 10 per cent, and the School Associations—10 per cent and 10 per cent, and that the extraordinary expenditures shall be drawn from the same sources, 40 per cent from the Japanese Government and 20 per cent each from the other three; and (2) that the secondary schools within the S. M. R. Zone shall be supported 100 per cent by the South Manchuria Railway Company and that those outside of the S. M. R. Zone shall be supported 20 per cent by the Japanese Government and 80 per cent by the Federation of School Associations.

The Tokyo plan entirely overlooked the existing conditions in Manchoukuo and did not take into full consideration the true effect of the transfer of the administrative rights over the S. M. R. Zone and the South Manchuria Railway Company proposed its own plan in December, 1936. It proposed: (1) that the ordinary and extraordinary expenditures of primary schools shall be drawn respectively 10 per cent and 10 per cent from the School Associations, 30.00 yen per student enrolled and 10 per cent from the Manchoukuo Government, and the balance and 80 per cent from the Japanese Government; (2) that the ordinary and extraordinary expenditures of secondary schools shall be drawn likewise respectively 30 per cent and 10 per cent from the Federation of School Associations, 10 per cent and 10 per cent from the Manchoukuo Government, and 60 per cent and 80 per cent from the Japanese Government. In short, the South Manchuria Railway Company could not find reasons for supporting schools after the transfer of its administrative rights over the S. M. R. Zone and its representatives began to confer with the representatives of groups concerned to have this plan adopted.

Following this move, the second Tokyo plan was drawn up by the officials concerned. It proposed: (1) that the construction expenses shall be borne by the South Manchuria Railway Company; (2) that the distribution of expenditures for primary and secondary schools respectively shall be 10 per cent and 10 per cent for the Japanese Government, 50 per cent and 50 per cent for the South Manchuria Railway Company, 30 per cent and 10 per cent for the Manchoukuo Government, and 10 per cent and 30 per cent for the School Associations; and (3) that the above distribution shall be applied during the first three months of 1937 and that new agreement shall be drawn up thereafter.

With a hope of clarifying its position and accelerating the solution of the question, the South Manchuria Railway Company then proposed a compromise plan. It proposed that the fundamental policy regarding school expenditures after January, 1938, be drawn up; that, in this connection, the South Manchuria Railway Company shall not bear school expenses but that it is willing to contribute a certain sum toward the extraordinary account, provided that this contribution shall be gradually lessened thereafter; and that, should this be decided upon, it is willing to contribute, only for the year 1937, a share toward the ordinary school expenditures. In supporting this position, the Company contended that, as the administrative rights over the S. M. R. Zone shall be transfered to Manchoukuo and the schools for Japanese children shall be transfered to the Japanese Government, it is only natural that the Company should be released from further financial responsibility, and that the Japanese Government is in the position to defray such expenditures as it annually saves some 11,300,000 yen by relinquishing extraterritoriality and transfering administrative rights over the S. M. R. Zone to Manchoukuo, but that it is willing to adopt temporary measures as it recognizes the importance of Japanese education in Manchoukuo and the difficult position of the national finance.

As a result of these efforts, the third Tokyo plan was drawn up in January, 1937, which was based upon the accepted plan of organizing School Associations to manage primary schools and Federation of School Associations to run secondary schools. It proposed: that the expenditures for primary schools shall be borne by the three groups, namely, 10 per cent of total expenses by the School Associations, 30.00 yen per student enrolled by the Manchoukuo Government, and the balance by the Japanese Government; that the expenditures for secondary schools shall be borne by the three groups, namely, 30 per cent by the Federation of School Associations, 40.00 yen per student enrolled by the Manchoukuo Government, and the balance by the Japanese Government; and that the means of meeting extraordinary

expenditures after 1938 shall be drawn up separately. As an addendum to this plan, it was proposed that the South Manchuria Railway Company shall contribute to the national treasury as a temporary measure 10 per cent of total expenditures required for the year 1937. The South Manchuria Railway Company had this addendum modified later in such a way as to use actual figures instead of a percentage. It also succeeded in including the understanding that, as a matter of principle, the South Manchuria Railway Company shall not be asked to bear educational fund after 1938 and that, as a matter of practical procedure, the future be left to take care of itself.

With these preliminaries and further conferences and negotiations, the final decision covering the last three months of the fiscal year 1937 was reached in March, 1937. This final agreement distributed the school expenditures as follows: the School Associations, 371,986 yen (10 per cent for the School Associations and 30 per cent for the Federation of School Associations); the Manchoukuo Government, 620,184 yen (30.00 yen and 50.00 yen per student respectively for primary schools and secondary schools); the Japanese Government, 464,500 yen; and the South Manchuria Railway Company, 798,113 yen (all of the balance needed).

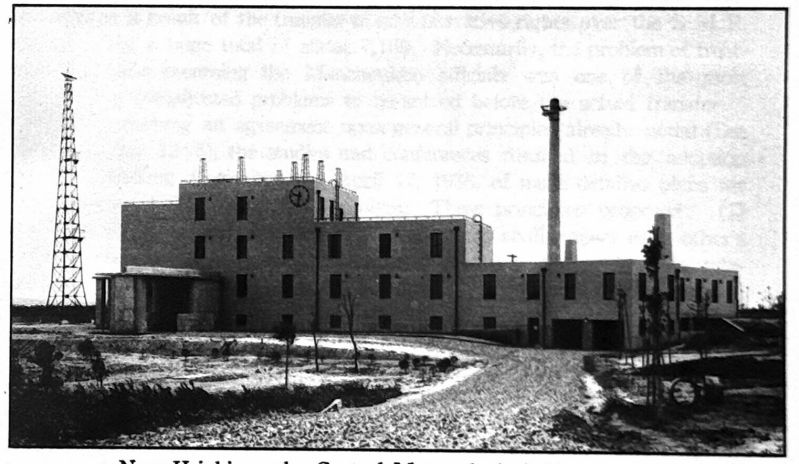
(4) *Administration of Railway Zone*

What form should the S. M. R. Zone assume after the transfer of its administrative rights to Manchoukuo constituted another difficult problem of transition. Some suggested that the S. M. R. Zone should be organized into new administrative divisions in view of the difference in the cultural attainment as compared with the adjoining regions, while others maintained that it should be absorbed by the existing Manchoukuo administrative divisions irrespective of prevailing differences.

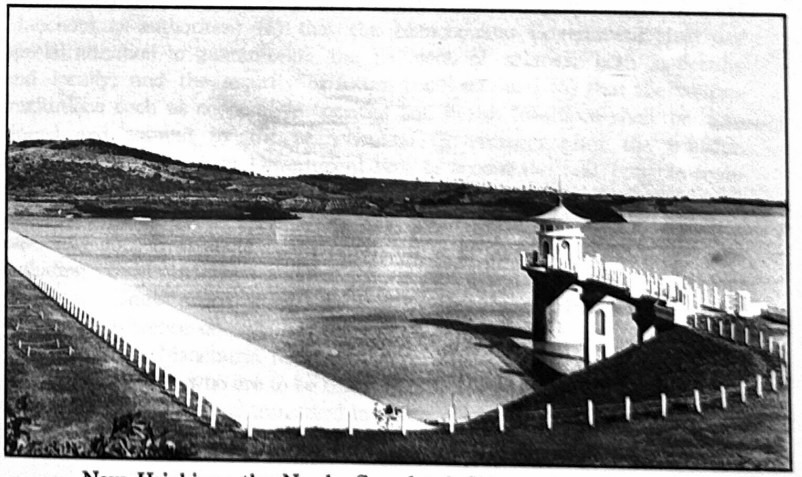
After a long period of investigations, conferences, and negotiations, the Hsinking Committee reached an agreement upon general principles on April 17, 1936, and the Manchurian Affairs Bureau Officials Conference approved them on August 12, 1936. The general principles thus adopted stipulated: (1) that the S. M. R. Zone shall be adjusted, not through establishment of special administrative units, but through absorption into the existing Manchoukuo administrative divisions; (2) that the adjoining municipalities either within or without the S. M. R. Zone shall be annexed, the details of its practical procedure being decided upon by the Japanese and Manchoukuo authorities separately one by one in accordance with local conditions; (3) that the S. M. R. Zone shall be organized into cities, towns, and villages in accordance with the existing local conditions; and (4) that advisory bodies to participate in the local administration shall be appointed in localities where local committees existed. In entrusting it with this important duty, the Manchoukuo Government was requested to assist these localities financially in order not to lower the standard of institutions.

More detailed plan for the establishment of cities, towns, and villages was adopted by the Hsinking Committee on May 9, 1936, and approved by the Manchurian Affairs Bureau Officials Conference on August 12, 1936. It proposed the following administrative organizations by combining adjoining municipalities and villages within and without the S. M. R. Zone: (1) Cities—Hsinking,. Mukden, Antung, Yingkou, Fushun, Liaoyang, Anshan, Ssupingkai,

New Hsinking: the Tatung Boulevard



New Hsinking: the Central Meteorological Observatory



New Hsinking: the Newly Completed Chingyuehtan Reservoir

and Tiehling; (2) towns—Kungchuling, Penhsihu, Kaiyuan, Wafangtien, Tashihchiao, Suchiatun, Hsiungyaocheng, Haicheng, Fanchiatun, Chiaoton, and Fenghuangcheng; and (3) villages—Chikuanshan, Lienshankuan, Kuochiatien, Shuangmiaotzu, Changtu, Kaiping, Sungshu, and Hsintaitzu. It was suggested that Kungchuling be raised to the status of a city at an earliest possible date and that special attention be paid to the organization of police forces everywhere. The boundaries of these cities, towns, and villages were eventually drawn up on the basis of the surveyed plans presented by the Local Administration Bureau of the South Manchuria Railway Company, while the new system of administrative organization was drawn up after numerous conferences and adopted in March, 1937.

(5) *Treatment of Transfered Personnel*

The number of S. M. R. employees to be transfered to Japan and Manchoukuo as a result of the transfer of administrative rights over the S. M. R. Zone reached a huge total of about 7,100. Necessarily, the problem of treatment for those becoming the Manchoukuo officials was one of the most difficult and complicated problems to be solved before the actual transfer.

After reaching an agreement upon general principles already noted (See above, Section 12 : 5), the studies and conferences resulted in the adoption by the Hsinking Committee on April 17, 1936, of more detailed plans for the handling of this complicated problem. These principles proposed: (1) that both Japanese and Manchoukuo Governments shall respect each other's point of view in handling this problem in the light of the inseparable relationship existing between the two countries; (2) that the positions and salaries of the personnel to be transfered shall be handled with utmost care, the basis of such decisions being drawn up by the Japanese authorities on the basis of the S. M. R. positions and salaries before the transfer and with a view to keeping the balance with the treatment of Japanese officials of the Manchoukuo Government and the final decision being reached through conferences between Japanese and Manchoukuo authorities; (3) that the transfer of the S. M. R. employees shall follow the examples of Manchoukuo officials and shall be decided upon after consultation between S. M. R. and Manchoukuo authorites; (4) that the Manchoukuo Government shall pay special attention to guaranteeing the payment of salaries, both nationally and locally, and the security of future positions; and (5) that the welfare institutions such as cooperative societies and health insurance shall be continued and assured by the Manchoukuo Government after the transfer. Moreover, the Japanese Government was to accord the best possible treatment to those to be transfered or retired with respect to pensions, retirement allowances, appointments to offices, and promotions. This last provision especially concerned about 6,500 Kwantung Bureau officials and employees, including postal employees and police, who were to be transfered to Manchoukuo. These plans were approved by the Manchurian Affairs Bureau Officials Conference on July 17, 1936.

The South Manchuria Railway Company endeavored to secure for its retiring employees who are to be transfered to Manchoukuo (1) the positions equal to those who were transfered to Manchoukuo at the time of her establishment and (2) the salaries not less than those paid them by the Company.

The Manchoukuo Government proposed (1) to use the S. M. R. salaries prevailing on December 31, 1935, as the basis of new Manchoukuo salaries and (2) not to take into consideration the raise made since January, 1936, but calculating as if there was a Manchoukuo raise after that date. The first application of these Manchoukuo principles, in spite of the S. M. R. objection, turned out to be so inadequate that eventually the Manchoukuo authorities came to recognize, at least in principle, the S. M. R. proposals.

Even while these deliberations and conferences were progressing, two S. M. R. proposals were actually accepted in the general interest of its employees to be transfered to Manchoukuo. The first of these proposals was the incorporation of a selected group of employees of the S. M. R. Local Administration Bureau into ranking positions in the national and local administrative offices to facilitate the work of the transfer and to assure the smooth and mutually beneficial adjustment after the transfer. The other proposal was the acceptance by the Manchoukuo Government of most of the high officials of the S. M. R. Local Administration Bureau and its various local administration offices as unsalaried advisers for the purpose of cooperating with the Manchoukuo officials in preparing the way for the eventual transfer of all local administration activities. For the latter purpose, fifty three were selected from the Hsinking Office and thirteen leading Local Administration Offices.

Lastly, the question of providing an adequate residential facilities to the would-be-transfered employees was vital in the light of the scarcity of houses everywhere. As the South Manchuria Railway Company provides its employees with either residences or residence allowances, it succeeded in securing the serious cooperation of the Manchoukuo authorities in this matter. The situation was to be met through the inclusion of adequate residencial expenses within the salary, the immediate construction of new residences, and the special arrangement to use the S. M. R. residences, either temporarily or for a longer period.

(6) *Consular Jurisdiction*

Since early in November when the Hsinking Committee had reached an agreement upon four-fold general principles (See above, Section 12 : 11), the Sub-committee on Consular Jurisdiction at Hsinking and both Japanese and Manchoukuo authorities were busy in working out the details of the transfer. The first fruit of these deliberations and negotiations was the adoption by the Hsinking Committee on April 17, 1936, of the detailed principles of procedure in relinquishing the consular jurisdiction.

The detailed principles of procedure thus adopted outlined: (1) that the Japanese authorities shall dispose of civil, penal, and non-contentious cases which are pending at the time of the relinquishment of consular jurisdiction; (2) that, during the six months following the relinquishment of consular jurisdiction, the Japanese consular officials may either try or take other legal proceeding concerning (a) civil, penal, and non-contentious cases which were pending at the time of the relinquishment of consular jurisdiction, (b) suits filed in protest against compulsory execution, and (c) official trials involving summary judgment of police offences committed before the relinquishment

of consular jurisdiction; (3) that the Manchoukuo Government shall recognize the property registrations effected by the Japanese consulates as having the same validity as if they were effected by the officials of Manchoukno registry offices under the laws and ordinances of Manchoukuo and shall treat the rights resulting from such registrations as equal or most similar to rights based upon the laws and ordinances of Manchoukuo, the Japanese Government handing over all property registers to the Manchoukuo Government; (4) that the Manchoukuo Government shall recognize the registrations of firm names and managers effected by the Japanese consular officials as having the same validity as if they were effected by the officials of Manchoukuo registry offices under the laws and ordinances of Manchoukuo and shall recognize the rights of firm names and of managers registered at the Japanese consulates as rights based upon the laws and ordinances of Manchoukuo, the Japanese Government handing over all registers of the names of firms and managers to the Manchoukuo Government; (5) that the Manchoukuo Government shall recognize the validity of the titles of debt drawn up under the laws and ordinances of Japan before the relinquishment of consular jurisdiction; (6) that those criminal cases in which searches were in progress at the time of the relinquishment of consular jurisdiction and which can be punished under the laws and ordinances of Manchoukuo shall, together with relevant documents and evidences, be handed over to the proper authorities of Manchoukuo and that, in such cases, the Manchoukuo Government shall recognize interruptions and suspensions of prescriptions, complaints, and self-surrenders made under the laws and ordinances of Japan before the relinquishment of consular jurisdiction as having the same validity as if they were made under the laws and ordinances of Manchoukuo; and (7) that the Manchoukuo Government shall assist the execution after the relinquishment of consular jurisdiction of judgment meted out by the Japanese Consulate in accordance with the mutual judicial aid agreement to be concluded at the time of the relinquishment of consular jurisdiction. It was understood that the Manchoukuo law courts, after the relinquishment of consular jurisdiction, shall bring Japanese subjects to trial under the Manchoukuo penal laws in connection with the cases arising from the violation of Japanese penal laws and Manchoukuo penal laws, the application upon Japanese subjects of which had been recognized by the Japanese Government before the relinquishment of consular jurisdiction.

(7) *Administrative Police Authority*

The administration of police in the S. M. R. Zone after the relinquishment of its administrative rights constituted a subject of vital importance and its adjustment consumed much time and thought before final arrangement was devised. Following the adoption of general policy on July 8, 1835 (See above, Section 12 : 10), the Hsinking Committee summarized the findings of various subcommittees in the form of two agreements on April 17, 1936.

The first of these concerned the details of the relinquishment or transfer of the administrative police authority. It stipulated that the Manchoukuo Government shall recognize the validity of police actions which were taken by the Japanese officers before the relinquishment or transfer of the ad-

ministrative police authority. In case Manchoukuo laws and Japanese laws differ on the conditions of punishment, it can be dealt with in accordance with the Manchoukuo laws during a certain extension period set up for this purpose. It decided that the police affairs pending before Japanese police offices at the time of the relinquishment or transfer of administrative police authority, together with relevant documents, shall be handed over to the Manchoukuo police authorities. Matters relating to the summary actions against police offences and compulsory police actions, however, shall be concluded by the Japanese police authorities. It further ruled that the Manchoukuo Government, in accordance with necessity, shall allow the receipt, without fees, of permits, certificates, and licences which were issued by the Japanese authorities before the relinquishment or transfer of administrative police authority. It was understood that the Japanese authorities shall conduct their affairs in such a way as to facilitate the task of relinquishing or transfering the administrative police authority.

The other decision concerned the general police administration. It stipulated: (1) that the Japanese police stations within the S. M. R. Zone shall become Manchoukuo police offices or stations and their jurisdictional districts shall be based upon the previous districts but extended so as to comply with the districts in cities or towns, except when such actions result in the creation of two or more police offices or stations within one city or town; (2) that the organization and jurisdictional districts of Hsien police bureaux and offices shall be appropriately reorganized to comply with the city and town police administration; (3) that the Manchoukuo Government shall plan the coordination and supervision of the policing of the South Manchuria Railway and shall prepare appropriate measures in perfecting the system by assisting the duties of the railway guards aboard trains; (4) that the consular police outside of the districts adjoining the S. M. R. Zone shall unite with the Manchoukuo police system of those districts and their system and organization shall be appropriately reorganized as per the second section above; and (5) that the central police as well as the local police institutions shall be expanded in accordance with necessity, especially so in the organization of personnel and accounting departments so as to facilitate the execution of transfered duties and the utilization of transfered personnel. It was understood that the Manchoukuo Government shall fill in leading positions of police administrative organs with Japanese after the transfer of administrative police authority, at least for the time being. It was understood also that the section (5) above and the accompanying understanding govern the adjustment of postal administration, local administration, and other administrative organs.

(8) *Administration of Taxation, Industry, and Finance*

By the Treaty and Additional Agreement which were signed on June 10, 1936, the first step was taken in accepting the Manchoukuo laws and ordinances relating to taxation and industrial activities in Manchoukuo including the S. M. R. Zone (See above, Section 13). The gradual transfer of these rights necessitated a careful adjustment and the Hsinking Committee on June 15, 1936, reached an agreement upon general principles to govern the eventual relinquishment of these important rights.

The general principles governing the final transfer of taxation right outlined: (1) that the taxation right shall be transfered to the Manchoukuo Government at the same time with the administrative police rights; (2) that the Manchoukuo Government shall collect in accordance with the Japanese usage (a) taxes the payment of which had been already notified before the transfer of taxation right and those which had been settled as payable though not yet notified, and (b) taxes upon matters which should have been assessed before the transfer of the taxation right, in each case of which the Manchoukuo Government paying to the Kwantung Bureau a certain sum to be decided upon separately by the Japan-Manchoukuo agencies in Manchoukuo; (3) that, in the assessment and collection of business taxes and corporation business taxes for the year of the transfer of taxation right, the business taxes to be paid for the period after the tranfer of taxation right shall be collected by the Manchoukuo Government and distributed in accordance with the separate agreement between the agencies involved in Manchoukuo, while the corporation business taxes shall be paid in accordance with separate agreement in case the time of the transfer of taxation right falls in the middle of the corporation year; (4) that the Manchoukuo Government shall treat the manufacturers of liquors, tobacco, flour, and cement who are conducting their business with licences obtained under the Japanese taxation laws at the time of the transfer of taxation right as if they are licenced to manufacture the same under the Manchoukuo taxation laws; (5) that the Japanese Government shall hand over to the Manchoukuo Government books relating to taxation within the S. M. R. Zone; (6) that the distribution of Japanese tax officials for the time being shall be kept essentially as at the time of the transfer of taxation right; and (7) that separate agreement shall be made by the agencies concerned upon matters other than those mentioned above.

In connection with the administration of industry and finance, the following general principles were set up on the same date: (1) that the administrative actions relating to approval, permission, licence, and examination already effected under the Japanese industrial and financial laws at the time of the transfer of the administrative rights over the S. M. R. Zone shall be treated as having the same validity as if they were effected under the similar Manchoukuo laws; (2) that the Manchoukuo Government, in case there are differences between Japanese and Manchoukuo laws in conditions required for the administrative actions above referred to, may set up a certain period of grace and cause the persons who have obtained such administrative actions to conform to the conditions prescribed by the Manchoukuo laws; (3) that the Manchoukuo Government may cause the renewal without fee of such certificates of approval, permission, and licence above referred to; (4) that the Japanese authorities shall hand over to the Manchoukuo Government books and documents relating to such approval, permission, licence, and examination; and (5) that the low-interest capital of the Savings Department of the Treasury Ministry and the loan capital of the Kwantung Bureau advanced to the Cooperative Finance Association in the S. M. R. Zone shall be administered, for the time being, by the Japanese authorities concerned.

15 Second Treaty and Agreements

While detailed preparations were being made in anticipation of the relinquishment of extraterritoriality and the transfer of administrative rights over the S. M. R. Zone, Tokyo and Hsinking were negotiating to make those preparations official in the form of a treaty and additional agreements. This task progressed without difficulty and the epochal Treaty and the accompanying Agreements were signed on November 5, 1937, at the State Council Hall in Hsinking by General Kenkichi Uyeda, the Japanese Ambassador to Manchoukuo, and Marshal Chang Ching-hui, the Prime Minister of Manchoukuo. This epochal event was witnessed by several scores of high officials representing the Manchoukuo Government, the Kwantung Army, the South Manchuria Railway Company, the Japanese Embassy, and the Kwantung Bureau.

By this Treaty, which went into force on December 1, 1937, the Japanese Government, in accordance with the stipulations of the Supplementary Agreement, officially abolished "the right of extraterritoriality at present enjoyed in Manchoukuo by Japan" and transfered to Manchoukuo "the administrative rights over the South Manchuria Railway Zone." The Treaty then affirmed that, subject to the stipulations of the Supplementary Agreements, Japanese subjects shall be governed within Manchoukuo territories by the provisions of Manchoukuo laws and ordinances but that "Japanese subjects shall not, under any circumstances, be accorded less favorable treatment than that which is or may be accorded to the nationals of Manchoukuo," the same principles being applicable to juristic persons as well as individuals. The Manchoukuo Government then recognized the "companies and other juristic persons which had been established under the laws and ordinances of Japan" and which maintained head or principal offices in Manchoukuo at the time of the coming into force of this Treaty as "companies or other juristic persons of a nature similar or most closely analogous, established under the laws and ordinances of Manchoukuo;" it similarly recognized "the establishment of companies and other juristic persons" which had been established under the Japanese laws and ordinances and which maintained branches or subordinate offices in Manchoukuo at the time of the coming into force of this Treaty. The Fifth Article specifically affirmed that "the stipulations of the present Treaty shall not prejudice the rights, privileges, immunities, and exemptions of particular Japanese subjects or juristic persons based on the special engagements entered into between Japan and Manchoukuo." (For the full text of the Treaty, see below, Apprendix III, No. 1 : 5).

The detailed agreements concerning various phases of important problems arising from the abolition of extraterritoriality and the transfer of administrative rights over the S. M. R. Zone, most of which had beed adopted by the Hsinking and Tokyo Committees, were summarized under twenty-three Articles in the Supplementary Agreement "A." The most noteworthy stipulations of the Supplementary Agreement "A" (For the text, see below, Appendix III, No. 1 : 6) are as follows: (1) details relating to jurisdiction following the abolition of the Consular Courts, guaranteeing "to the lives and property of Japanese subjects such judicial protection as conforms to international law and the general principle of law" and regulating the

disposition of various civil and criminal cases, pending and newly arising (Articles 1–8); (2) transfer of the right to impose and collect taxes "in accordance with a decision to be made by consultation" between the Japanese Ambassador and the Manchoukuo Prime Minister and the payment by the Manchoukuo Government of "funds of an amount to be decided upon by consultation" between the Japanese Ambassador and the Manchoukuo Prime Minister (Article 11); (3) granting to Japan the right of establishing and administering within Manchoukuo shrines under her own laws and ordinances (Article 14); (4) extension for the time being of the Japanese right to establish and conduct schools and other educational institutions in the interest of Japanese subjects within Manchoukuo and to establish School Associations and Federation of School Associations for that purpose (Article 15); (5) perpetuation of the Japanese administration "concerning military enlistment, service, muster, and other military matters in respect of Japanese subjects" (Article 16); (6) taking over by the Manchoukuo Government of all "Japanese institutions (including lands, buildings, and accessory equipments) and staffs concerned" which were mintained in the S. M. R. Zone "as a general principle in the conditions existing at the time of the coming into force of the Treaty" in accordance with a decision to be made through consultation between the Japanese Ambassador and the Manchoukuo Prime Minister (Article 19); (7) recognition by the Manchoukuo Government of all Japanese "approval, permission, licence, and similar other administrative actions" which were effected before the enforcement of the Treaty (Article 20); and (8) delivery by the Japanese Government to the Manchoukuo Government of all documents concerning the administration of justice, police, taxation, communications, etc., which are necessary for the operation of the Agreement (Article 21).

Among the Agreed Terms of Understanding (For the text, see below, Appendix III, No. 1 : 7), the more important items are as follows: that the Manchoukuo Government shall not levy any charges in recognizing the establishment of juristic persons as stipulated in the Supplementary Agreement "A" and also shall safeguard the benefit of reduced rates relating to tax at present enjoyed by the recognized juristic persons (II); that the Manchoukuo Government shall, "as a general principle, establish advisory bodies in places where Local Committees have hitherto existed in order that the local authorities of that locality can ascertain the opinion of residents within the South Manchuria Railway Zone in respect of such local administration as directly affects the welfare and interests of such residents" (V); and that the Manchoukuo Government shall pay annually "a share of expenses of the educational work for Japanese subjects conducted by Japanese within the territories of Manchoukuo" as does the Japanese Government (VI).

The Supplementary Agreement "B" and the accompanying Agreed Terms of Understanding concerned communication and allied business (For the text, see below, Appendix III, No. 1 : 8–9). The Agreement stipulated that the communication business in the S. M. R. Zone which relates to third powers shall be controlled and conducted by the Japanese Administrations until the time to be decided upon by the Japanese Ambassador and the Manchoukuo Prime Minister (Article 1). It also stipulated that Japan "may entrust" to Manchoukuo "the conduct of business of a kind which exists under the internal system of Japan but which does not exist under the

internal system of Manchoukuo and of other kind of business which is considered to be of necessity" (Article 2). The currency to be used in connection with the business entrusted shall be the Manchoukuo currency but the Manchoukuo Government agreed to recognize the use of the Japanese currency until the time to be decided upon by the Japanese Ambassador and the Manchoukuo Prime Minister (Article 3). Further details relating to the operation of the above matters were left to a business agreement to be concluded later.

The Business Agreement relating to the postal administration and allied business above referred to was completed and duly signed on November 22, 1937. Its more important stipulations are as follows: that Japanese postage stamps may be used side by side with Manchoukuo postage stamps during the transitional period of three months following December 1 and that the Manchoukuo post offices shall exchange Japanese postage stamps with Manchoukuo postage stamps freely during four months following December 1; that the Manchoukuo post offices shall handle under trust postal savings accounts, custody of documents and securities, payment of principals and interests upon national bonds, pensions, long-term post office insurance, and postal annuities, all created and operated under special Japanese laws; and that the Manchoukuo post offices shall handle under trust international money orders and parcel posts with Powers which have not recognized the Manchoukuo postal administration.

16 Final Abolition of Extraterritoriality

December 1, 1937, thus, has become one of the most memorable historic dates in Manchoukuo. On that day Japan formally relinquished her extraterritorial rights in Manchoukuo and transfered her administrative rights over the S. M. R. Zone to Manchoukuo. Appropriate celebrations were held at Hsinking, Tokyo, and all cities in the S. M. R. Zone, while the Manchoukuo Postal Administration Bureau issued a set of 6 stamps in commemorating the event.

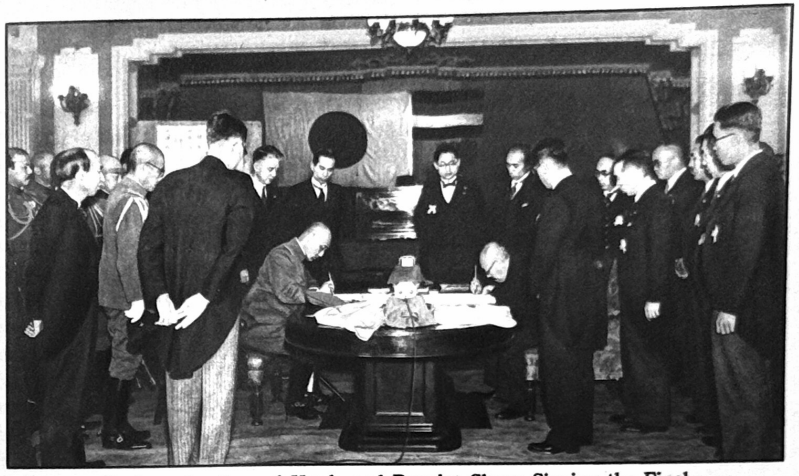
As a result of this epochal procedure, the following offices, institutions, and establishments had been turned over to the Manchoukuo authorities:

(1) From the Kwantung Bureau: police offices outside of the Kantung Leased Territory, post offices, branch observatories, branch monopoly offices, opium sanatoriums, public health offices, tax offices, and weights and measures inspector's office.

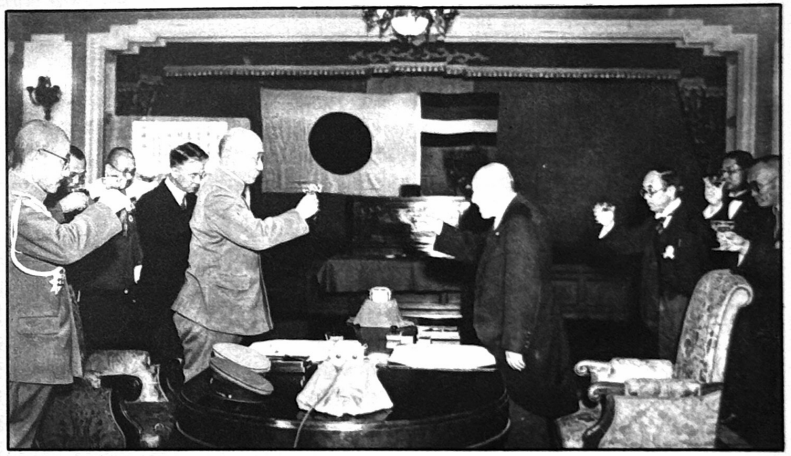
(2) From the Japanese Embassy: consular police and prisons.

(3) From the Chosen Government General: hospitals and public schools.

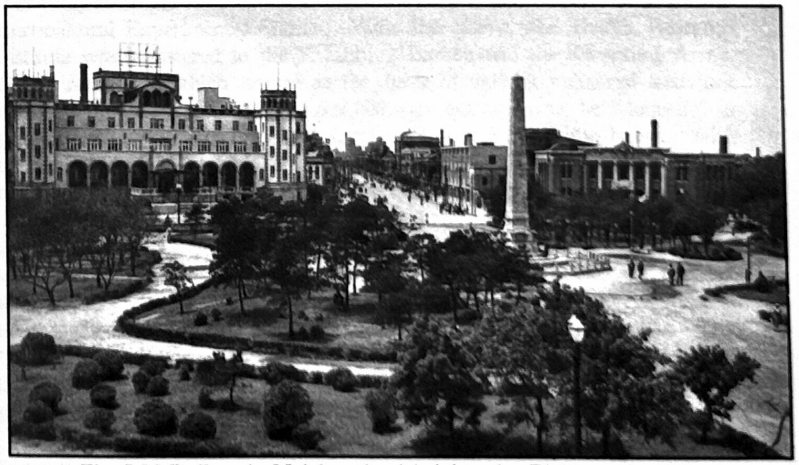
(4) From the South Manchuria Railway Company: public schools for Chosenese and Manchurians, Japanese schools, subsidized schools for Manchurians, public libraries outside of the Kwantuug Leased Territory, women's hospitals, isolation hospitals, public health offices, roads outside of the Kwantung Leased Territory, embankments and revetments, bridges, parks and playgrounds outside of the Kwantung Leased Territory, cemeteries, crematories, fire stations, standard time equipments, water supply system (excluding supply for railroads and mining use), sewer system, assembly halls and civic centers, recreation grounds and centers, employment agencies, lodging houses, and swimming pools outside of the Kwantung Leased Territory. The equipments thus transfered by the South Manchuria Rail-



Ambassador General Uyeda and Premier Chang Signing the Final Extraterritoriality Treaty



Concluding the Ceremony for Signing the Final Extraterritoriality Treaty



The S. M. R. Zone in Mukden, the Administrative Rights over which had been Transfered to Manchoukuo

way Company to Manchoukuo from eleven cities and sixty-two towns and villages in the S. M. R. Zone alone were estimated at 31,438,994 yen and schools transfered to the Japanese authorities, 20,708,000 yen.

Together with this gigantic transfer, a total of nearly 14,000 persons, including Japanese and Manchurians, had passed into the employment of Manchoukuo, either directly or indirectly. Among them may be mentioned 1,396 police officers and men from the Japanese Embassy, 3,723 police officers and men from the Kwantung Bureau, 150 judicial officers, 1,500 postal officers and employees of the Kwantung Bureau, 340 tax office officers and employees, and 6,884 officers and employees of the Local Administration Bureau of the South Manchuria Railway Company. The last figure included an army of 2,663 teachers who were under the employment of the South Manchuria Railway Company and who had passed into the employment of the School Associations and Federation of School Associations.

Of the above mass transfer of personnel, the largest number naturally came from the South Manchuria Railway Company. On November 30, 1937, therefore, solemn ceremonies were held at Dairen and all other centers where the S. M. R. Local Administration Offices are located to bid an official farewell to the departing employees of the Company. And following this, the Local Administration Bureau of the South Manchuria Railway Company, with its thirty-year history of brilliant pioneership and achievement, had been dissolved.

The negotiations over various institutions which the South Manchuria Railway Company has maintained for experimental purposes, which were to be retained by the Company for the time being, had progressed smoothly after the above great transfer and a perfect understanding was reached between the South Manchuria Railway Company and the Manchoukuo Government by March, 1938. As a result, the second great transfer was made on April 1, 1938. It involved the following institutions: (1) the Kungchuling Agricultural Experimental Station; (2) the Hsiungyaocheng Agricultural Experimental Station; (3) the Yamuyingtzu Agricultural Experimental Station; (4) the Liaoyang Cotton Experimental Station; (5) the Fenghuangcheng Tobacco Experimental Station; (6) the Taonan Agricultural Experimental Station; (7) the Linhsi Sheep Breeding Farm; (8) the Kungchuling Sheep Breeding Farm; (9) the Veterinary Institute; (10) the Geological Research Institute; (11) the Tumenling Forestry Experimental Station; and (12) the Hsingcheng Horticultural Experimental Station. With the above, the Health Research Institute was transfered to the Kwantung Bureau and the Kwantung Army. These institutions which served as the basis of various industrial activities in the past were evaluated at 3,637,000 yen but were to be "loaned" to the authorities mentioned without compensation for the time being. With them, an additional number of 445 S. M. R. employees passed into the employment of Manchoukuo or the Kwantung Bureau.

Thus passed into history Japan's extraterritorial rights in Manchoukuo and her administrative rights over the S. M. R. Zone. It is to the credit of all parties concerned, their spirit of cooperation and careful preparations, that such an epochal transition of first magnitude was consummated with an amazing smoothness, even without a slightest hitch or difficulty. And the satisfactory result of the procedure has strongly underwritten Japan's trust placed upon Manchoukuo, as well as a phenomenal progress made in all phases of Manchoukuo's statehood during its short span of six years.

IV INDUSTRIAL EXPANSION

17 Five-Year Industrial Plan

On March 1, 1933, the Manchoukuo Government proclaimed the "General Outline of the Economic Construction Program of Manchoukuo" and boldly enunciated its national economic policy of control. In the brief span of first five years, the youthful State has succeeded, through the unremitting efforts of the Government and people and the wholehearted support and cooperation of Japan, in expanding the nation's productive capacity and in laying a solid foundation for its future development. It was in itself an epochal achievement in evolving order out of chaos and in setting the stage for sound and positive activity along all lines of national endeavor. It may be safely said that the story of accomplishments during those five years finds no parallel anywhere in the world (For details, see Fifth Report, Chapter VI on "Industrial Expansion").

With such a background of phenomenal achievement and with the approaching end of the first five years of construction program, the Manchoukuo Government, in cooperation with the Japanese Government, began to draw up its second-period construction program for the ensuing five years. The new program was ready by the end of 1936 and the Government announced the outline of new five-year construction program at the Provincial Governors' Conference in January, 1937. The second-period construction program, requiring a huge expenditure of two and a half billion yuan, is designed to meet the need of strengthening the Japan-Manchoukuo economic bloc and to enable Manchoukuo to develop resources necessary for her national defence and for the eventual establishment of self-sufficiency of goods for consumption within the country as well as to supplement the resources of Japan. The nucleus of this program is the Five-Year Industrial Plan which aims (1) to establish and expedite important industries and (2) to promote national economy.

(1) *Establishment of Important Industries*

The second-period Five-Year Industrial Program calls for the development of natural resources and such industries as coal mining, iron mining, and coal liquefaction for the general purpose of permanently stabilizing the livelihood of the people and of enhancing the relationship of co-existence and mutual prosperity between Manchoukuo and Japan.

Coal Mining. Coal, with an estimated deposit of over ten billion metric tons, is one of the most important mineral products of Manchoukuo. In view of its great value as the principal motive power in modern industry and of its rapidly rising domestic and Japanese consumption the Manchoukuo Government has decided to raise the capital of the Manchuria Coal Mining Company, a Japan-Manchoukuo joint enterprise, from 16,000,000 yuan to 80,000,000 yuan.

It will enable the country to increase the annual production of coal to 24,600,000 tons during the next five years. This will necessarily require

opening up of new mines. In 1931, the year before the birth of Manchoukuo, the domestic coal output amounted to 9,200,000 tons, of which 6,520,000 tons or 70% were mined at the Fushun Colliery. In 1935, the production reached 11,670,000 tons including 8,380,000 tons of Fushun coal, an increase of 2,470,000 tons over the 1931 output. These figures indicate that the increase of coal output since 1931 was chalked up principally at the Fushun Colliery and naturally the new five-year program aims to increase chiefly the output of the mines operated by the Manchuria Coal Mining Company. The most encouraging recent discovery of large deposits of coal in the so-called Tungpientao region or the southeastern section of the country along the Chosen border, including an estimated deposit of 50 million tons at Yentungkou, 10 million tons at Tiehchang, and 100 million tons at Wutaochiang, is believed to expedite the above program tremendously.

Iron and Steel Manufacturing. The Five-Year Industrial Plan also gives primary consideration to the iron industry as it has direct bearing upon national defence and as it is indispensable to communication and construction enterprises. In this important field, however, Manchoukuo is still largely dependent upon foreign countries for its supply. Consequently the Five-Year Industrial Plan proposes to make Manchoukuo self-sufficient in iron, producing at least 2,350,000 tons of steel and 2,400,000 tons of pig iron together with 6,600,000 tons of iron ores. For this purpose, a systematic exploitation of her iron deposits, estimated at some 1,200 million tons, is projected along with the expansion of the Showa Steel Works at Anshan and the Penhsihu Iron Works on the Mukden-Antung Line, including the utilization of modern methods of ore refining to boost the domestic production of the metal. The providential impetus given to this program has been the discovery of extensive iron deposits in the Tungpientao region. It is estimated that these deposits, counting only those already ascertained, amount to 1,200 million tons of fine iron ores, including 78 million tons at Talitzukou, 5 million tons at Chitaokou, 100 million tons at Laoling, and no less than 1 billion tons in a vein covering 40 kilometres from Pataochiang to Ertaochiang.

Liquefaction of Coal. The rapidly increasing domestic demand for liquid fuel and the dearth of petroleum resources in the country have directed Manchoukuo's attention to the manufacture of substitute liquid fuel through the process of liquefying coal. Manchoukuo is fortunately well-equipped for this purpose as she is endowed with an almost inexhaustible supply of coal. As a first step in this direction, a coal hydrogenation plant is under construction at Fushun, the site of the world-famous open-cut coal mine and new plants will be built at Fuhsin in Chinchou Province, Holung in Chientao Province, and Ssupingkai in Fengtien Province. The largest of this group, the projected company at Fushun will be a Japan-Manchoukuo joint enterprise capitalized at 50,000,000 yen. Moreover, the Government is giving every possible assistance to the expansion of the oil shale industry at Fushun, and additional plants are now under construction to double the present capacity. A new plant is also planned at Sanhsing. The Five-Year Industrial Plan proposes to produce 500,000 tons through the liquefaction of coal and 800,000 tons from the oil shale. In addition, alcohol as a substitute liquid fuel is to be produced on a far larger scale than at present.

Light Metallic Industry. Manchoukuo is rich in resources for the light metallic industry and the magnesium and aluminum manufacturing industries

have sprung up. In the districts around Tashihchiao, a huge deposit of excellent magnesite ores, estimated at 1 billion tons, is found. In order to exploit the magnesite deposits there, the Manchuria Magnesium Company has been established with an authorized capital of 7,000,000 yuan. The Company has two large plants in Japan and manufactures metallic magnesium out of Tashihchiao magnesite ores. Raw materials for the manufacture of aluminum, particularly aluminum shale, are also found abundantly in Manchuria and the aluminum manufacturing in Manchoukuo holds bright prospects. The Manchuria Aluminum Manufacturing Company has been incorporated in 1936 with an authorized capital of 50,000,000 yen and its plants at Fushun has commenced their operation late in 1938. The Five-Year Industrial Plan calls for a production of 200 tons of magnesium and 20,000 tons of aluminum.

Electric Industry. Owing to the almost inexhaustible coal deposits in Manchuria, electricity is generated entirely by caloric heat and nothing so far has been done to harness the vest hydraulic resources of the country which, it is estimated, are capable of generating a constant supply of 1,500,000 kilowatt of electricity. In order to meet an increasing demand for electric power in the country, a far-reaching plan for the development of hydro-electric industry under the State management has been worked out in conjunction with the Five-Year Industrial Plan. It proposes to generate 350,000 kilowatts by hydraulic power and to increase the present amount of 420,000 kilowatts by caloric heat to 850,000 kilowatts. For this purpose, three projects are now under realization. The Government is constructing a huge reservoir, approximately 210 square miles in area, by damming the Second Sungari a short distant above Kirin and a large hydro-electric plant capable of generating 180,000 kilowatts of electric power. The first-stage construction program will be completed in five years and the second-stage construction program will raise the maximum depth of the reservoir by 12 metres and will increase the generating capacity of the plant to 200,000 kilowatts. This project, besides generating necessary electric power, also (1) will help prevent the inundation by floods of about 160,000 hectares of land in the lower reaches of the Sungari River and (2) will help irrigate extensive dry districts for farming. The second project is the establishment of the Yalu River Hydro-Electric Power Company with an authorized capital of 100,000,000 yen to be invested jointly by Japan and Manchoukuo. The Japanese and Manchoukuo authorities have reached an agreement to harness the waters of the Yalu River for the purpose of facilitating the industrial development of the Tungpientao District of Manchoukuo and North Chosen and a huge dam is now under construction. When the first-stage construction program which is spread over three years and which calls for 500,000 kilowatts of electric power is completed, the Company's capital will be increased to 300,000,000 yen and the generating capacity to 1,500,000 kilowatts. The third project now under construction is a hydro-electric plant on the shores of the Chingpo Lake. It was started in 1937 and will be completed in 1939 when it will generate 30,000 kilowatts of electricity. In addition, three generating plants are being constructed by the Manchuria Electric Industry Company at Santankou, Hunchun, and Mutankiang which will add 50,000 kilowatts by caloric heat.

Pulp Industry. Having completed a survey of the forest resources of

North Manchuria, the Government has decided upon their immediate exploitation with the object of increasing the present production of some 60,000 tons to 300,000 tons of rayon pulp and 100,000 tons of paper pulp annually when the five-year program is completed. Of this projected amount of 400,000 tons it is planned to produce 300,000 tons from woods, 70,000 tons from reeds, and 30,000 tons from bean stalks through the joint participation of the four already existing wood pulp companies in East Manchuria, the Yalu River Paper Manufacturing Company, the Kangte Reed Pulp Company, and the Manchuria Bean Stalk Pulp Company. However, this is considered still inadequate and the Manchoukuo Government is now taking steps to establish a large pulp company with an authorized capital of 100,000,000 yuan in order to exploit the rich forestry resources in the Great Hsingan and Small Hsingan Ranges and to produce some 230,000 tons of pulp.

Gold Mining. The present gold production in Manchoukuo is around 10,000,000 yuan worth. Under the Five-Year Industrial Plan, the Government aims to increase the production to 200,000,000 yuan worth within the next five years. For this purpose various adequate steps will be taken to encourage gold mining, especially the production of alluvial gold.

(2) *Promotion of National Economy*

Agriculture is the backbone of Manchoukuo's national economy and the development of her national economy rests upon the prosperity of her rural communities. Consequently, the Government has been exerting every possible effort to rehabilitate the rural communities by increasing the output of agricultural products, improving their quality and farming methods, rectifying rural finances, and reorganizing the rural social structure in general. The agricultural communities, however, are as yet in an impoverished condition and the second stage construction program has incorporated a Five-Year Agricultural Program as a fundamental measure for the rehabilitation of rural communities.

(A) *Promotion of Rural Economy.* The Five-Year Agricultural Plan aims to establish the diversified farming in place of the one-crop system of cultivating soya-beans in an effort to resuscitate rural economy. During the first year of its operation, it calls for a total expenditure of 5,000,000 yuan, comprising 3,000,000 yuan for the encouragement of an increased production and 2,000,000 yuan for the prevention of blight, the encouragement of the use of improved farming implements, the establishment of agricultural experimental stations, the cultivation of new farming lands, and the training of agricultural instructors.

The principal agricultural products whose output is to be increased are wheat, rice, oats, barley, lucerne, kenafe (Manchurian hemp), flax, castor-beans, cotton, tobacco, sugar beets, soya beans, kaoliang, millet, and maize. Special attention is to be directed toward wheat growing in North Manchuria and cotton cultivation in South Manchuria.

Wheat. The increased domestic production of wheat, demand for which is yearly increasing, is absolutely essential for making Manchoukuo self-sufficient in this product and for expanding the domestic flour-milling industry. The Five-Year Agricultural Plan proposes to increase the 1936 wheat crop by 10 per cent to 1,100,000 hectares during 1937 and some

320,000 yuan have been appropriated by the Government for this purpose. At the end of five years, an increase of the wheat area by approximately 80 per cent and the wheat production to some 2,024,00 tons is looked forward.

Raw Cotton. A new Five-Year Cotton Cultivation Plan was launched in 1937 to replace the 20-year program enforced since 1933 with the object of producing 250,000,000 *kin* (1 kin equals 1.32 pounds) of unginned cotton annually after 1941 from 180,000 hectares of cotton fields in South Manchuria. Special attention will be paid to the cultivation of upland cotton in place of the native variety which is to be replaced by the former eventually as the yield from the former is far greater than that from the latter. In this connection the increasing activity of the Manchuria Cotton Association and the Manchuria Cotton Company looking forward to a complete revolution in cotton cultivation in South Manchuria is anticipated.

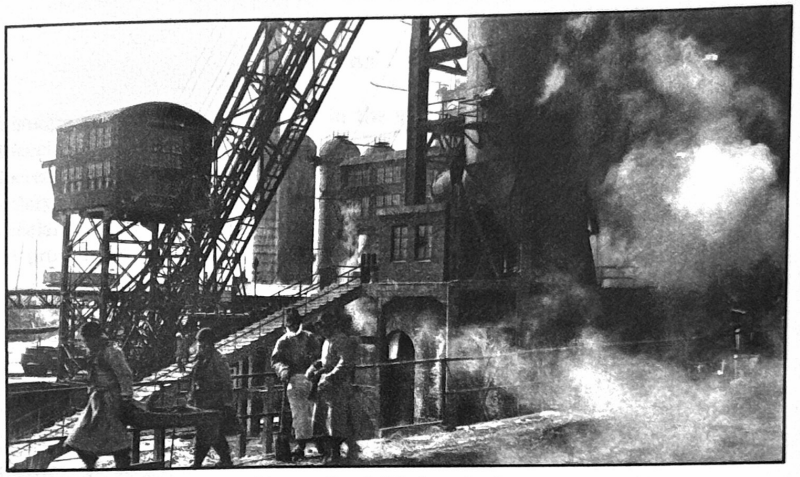
Kenafe. Though new in Manchoukuo, the cultivation of kenafe shows much promise of developing into an important industry in the not far off future. In order to encourage its production among the farmers, the Department of Industry in 1937 purchased some 8,000 yuan worth of kenafe seeds from the State-commissioned seed farms for distribution in Liaoyang-Hsien, Yingkou-Hsien, Haicheng-Hsien, Kaiping-Hsien, Fu-Hsien, Hsinmin-Hsien, Taian-Hsien, and Chin-Hsien. It is also planned to increase 1936 seed farm areas to 250 hectares in 1937.

Flax. In order to meet the increasing demand for flax in Japan and Manchoukuo, plans have been drawn up also for boosting an estimated 1937 flax production of 15,000 tons to 70,000 tons at the end of a five-year period. This will necessarily expedite the domestic hemp manufacturing industry.

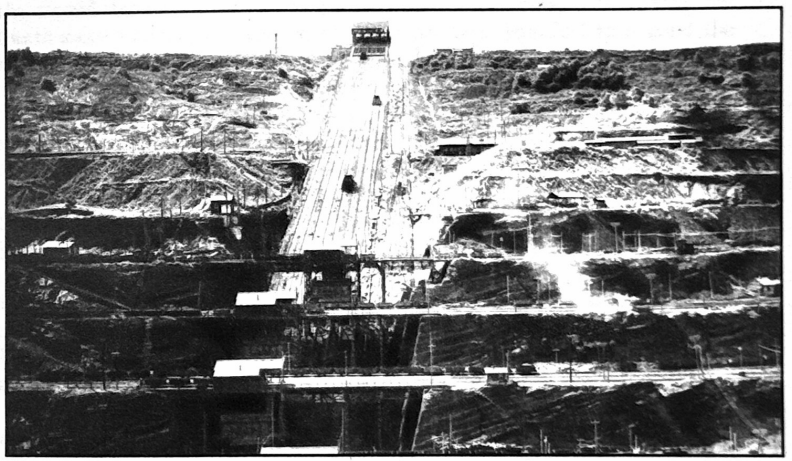
(B) *Stock-Farming.* Another important place in the Five-Year Agricultural Plan is assigned to the stock-farming. It aims to increase the existing breed of sheep, numbering some 3,000,000, to 4,200,000 and to produce some 4,740,000 tons of wool by introducing superior strains imported from abroad, such as Merinos and Coriedales from the United States and Australia, and by establishing adequate facilities. It plans to add some 400,000 heads of horses, 765,000 heads of cattle, and 260,000 heads of pigs. It also proposes to make an added effort in preventing and exterminating various forms of live-stock epidemics.

In cooperation with the Department of Industry, the Hsingan Affairs Office, until recently the Mongolian Administration Department, has also worked out a Five-Year Plan for the agricultural development of Mongolia through the introduction of modern methods of production and for the improvement and augmentation of the existing breed of Mongolian sheep. For this purpose several measures are being projected, such as the Hsingan Institute at Hailar for the training of veterinary surgeons, the establishment of sheep farms at Puhsi and Lupei and live-stock farms in banner districts, the opening of cooperative communities, the encouragement of cultivation, and the readjustment of important facilities for the local farming industry.

(C) *Japanese Immigration.* The successful result attained by the Japanese farmer-immigrants during 1932–1936 has led the Japanese Government to initiate in 1937 a gigantic plan of settling 1 million Japanese households with 5 million members in twenty years (See below, Section 42 on "Japanese Immigration into Manchuria"). In view of the important part Japanese



The Showa Steel Works, Anshan



The Open-cut Coal Mining, S. M. R. Fushun Collieries

The Sausage Section of the S. M. R. Live-Stock Industry Factory, Harbin

immigrants are destined to play in the second-stage construction program, especially in promoting Manchoukuo's industrial development through an increased radius of cultivation, the Manchoukuo Government is planning to enlarge the scope of the Manchuria Colonial Development Company and other official and unofficial organizations concerned with Japanese immigration and to provide all available facilities for Japanese settlements.

(3) *Transportation and Communication*

Railways. Undoubtedly the most noteworthy progress witnessed in Manchoukuo since 1932 is the development of railway transportation. Whereas there were about 5,500 kilometres of railways in all Manchuria in 1932, the total mileage has since almost doubled, now nearing 10,000 kilometres. It is not too much to state that this amazing development in the field of transportation and communication has become the vehicle upon which the second-stage construction program is now progressing. Now that the fourth-stage railway construction program has been launched to expand the radius of railway transportation farther afield, the Department of Communications is planning to build, in addition to the lines already projected, some 300 kilometres of new lines annually, chiefly in North Manchuria, during the next five years as well as to encourage the construction of about 1,000 kilometres of privately-owned railways by granting subsidies.

State Highways. The Department of Communications is also planning to build some 13,000 kilometres of new State highways during the next five-year period beginning in 1937. At the same time, some 8,000 kilometres of roads already completed will be improved to facilitate transportation. The Department of Communications will continue the present policy of bus-line management under the Railway Directorate General of the South Manchuria Railway Company and bus service on all important highways will be extended and improved. The other bus lines will be left to private management.

Other Means of Communication. As to the other means of communications, including erection of bridges and expansion of Rashin and Hulutao harbors, every effort will be made to develop them to meet the growing needs of the growing State.

(4) *Improvement of Financial Administration*

In line with the nature of the second construction program, the Government has decided to follow the policy of avoiding an increase in general administrative expenditures and of setting aside a largest possible amount of appropriations within the limits of sound finance for stabilizing and promoting the livelihood of the nation. It has also decided to resort to loan floatation as a source of revenue in financing undertakings for the development of industry. Inasmuch as taxes and Government monopolies have an important bearing upon the national economy, it has devised the following measures for the smooth realization of the second-stage construction program.

Internal Taxation System. Nation-wide coordination and readjustment in the internal taxation system had been effected in 1936 and the whole system has since been completely modernized. Further reform is now under contemplation to readjust the local taxation system, the customs, and

the monopoly system so as to distribute the tax burdens equally and to provide elasticity to the financial resources of the nation.

Customs System. The customs tariff has been revised several times since Manchoukuo took over the Maritime Customs with the result that the nation's trade continues to grow with a corresponding rise in customs revenue year after year. A fundamental revision of the customs tariff and an improvement in the customs clearance procedure are now projected with a view to promoting domestic industry, effecting a rational readjustment of Japan-Manchoukuo trade, and lightening the tax burden of the people (Cf. below, Section 27 : 2).

Monopoly System. The monopoly system of Manchoukuo was formerly confined to opium, petroleum, and a part of the salt output of the nation. Starting in 1937, the country's entire salt production and matches have been placed under the Government monopoly. As a result, the price of salt has been reduced from 10.16 yuan to 7.95 yuan per 100 kin. This reduction means a saving of approximately 6,000,000 yuan by consumers annually. Hereafter the Government will endeavor to readjust rationally the prices of monopoly products, to increase their output, and to facilitate their distribution with a view to effecting a smooth operation of the monopoly system (See below, Section 27 : 3 for later development).

Finance. The financing institutions play an important part in carrying out such an all-embracing construction program. Naturally the Government plans to facilitate the smooth operation of financing business and to supply funds necessary for industrial development by giving full play to the functions of the newly established Industrial Bank of Manchou and the Central Bank of Manchou. At the same time, it will direct its efforts toward effecting general improvements in the ordinary banks, will establish additional Rural Credit Associations, will found Urban Credit Associations, and will increase their efficiency and lower their interest rates in order to help the financing of middle and small class commercial and industrial firms and rural communities.

(5) *Financing of Five-Year Program*

Funds needed to finance the Five-Year Industrial Plan are two and a half billion yuan. Of this amount about 500 million yuan can be raised in Manchoukuo and the remaining two billion yuan will have to be raised in Japan. While there have been conflicting rumors as to the possibility of raising such an enormous sum, it was not believed impossible in view of the past Japanese investments in Manchoukuo and the recent financial condition in Japan. Japanese investments have amounted to almost 300 million yuan annually since 1933 and especially in 1935 they showed a sudden increase to 400 million yuan. Inasmuch as the Five-Year Industrial Plan aims at a general industrial development of the country, including the projects already decided upon, the necessary funds represent practically the total amount of investments to be made in Manchuria. Accordingly, for the execution of the plan only a small additional investment of 50–60 million yuan is needed above the average annual investment now being made normally in Manchoukuo. On the other hand, the successful completion of the Five-Year Industrial Plan, it is believed, will contribute greatly to the industrial development of both Manchoukuo and Japan, the promotion of trade between the two countries, as well as the improvement of the balance of their international payments.

18 First Year of Five-Year Plan

The Five-Year Industrial Plan thus planned was auspiciously inaugurated in 1937. It was for the first time in the industrial history of Manchuria that a colossal program of such a far-reaching significance had been attempted and, needless to say, every ounce of the nation's energy was needed to assure its success. It was difficult enough to realize its goal fully even under normal conditions and, unfortunately, the first year of its operation has witnessed a number of unexpected situations which adversely affected its development. The first of such situation was the drastic rise of world commodity prices from the closing months of 1936 to the spring of 1937. This trend followed the upward curve in Japan until, after the outbreak of the North China Incident in July, it assumed at first a semi-war and then full-war scale. The China Incident forced Japan, moreover, to adopt a rigid system of import and exchange control on the one hand and to mobilize a capacity operation of munitions industries on the other, the former accentuating a shortage of construction and raw materials and the latter causing a deficiency of labor supply, especially the skilled labor. As a result, not only was Japan's productiye power affected, but her transportation facilities were disturbed and her financial market became rigid. To Manchoukuo, who had to look to Japan for the supply of capital and goods and experts in prosecuting her epochal program, such a situation proved to be quite a set back.

Under these circumstances, it was obvious that the full realization of Manchoukuo's Five-Year Industrial Plan for the first year could not very well be expected. All the more it is most encouraging to note that, through the understanding assistance given by Japan in spite of her own difficulties and the wonderful cooperation attained between the Government and the people in Manchoukuo, the Five-Year Industrial Plan saw a decided progress during the first year. However, influenced by the prevailing demand of the time, comparatively a greater effort was exerted in the field of mining and industrial activities, especially the construction and expansion of basic equipment for increased production, than in the realm of agriculture and live-stock raising. On the whole, roughly 80 per cent or even more of the Plan was reported to have been completed, which, considering the adverse factors mentioned, is in itself a splendid accomplishment. A brief resume of the results, in the language of Vice-Minister Kishi of the Industry Department, is as follows :

"1. Better results than expected were obtained in the steel, electric, aluminum, and soda industries; coal, zinc, salt, pulp, and the manufacture of rolling stock produced the expected results; liquid fuel and gold were slightly retarded in output, while the manufacture of automobiles, aeroplanes, and munitions did not exceed the planning stage.

"2. In the agricultural department, results exceeded expectations in spite of the lack of seeds for distribution, the backwardness of farming methods, and the flood disasters in North and South Manchuria. The yield in general was greater than the scheduled amount.

"3. In the live-stock farming, the expansion of farms for the raising of improved breeds and varieties, the training and distribution of experts, and the establishment of institutions for the prevention of live-stock epidemics functioned smoothly and measured up to the prescribed standard. The increase of native sheep, cattle, horses, and pigs almost reached the desired number but the raising of improved or mixed breeds of sheep and horses did not produce good results.

"4. In transportation and communications, favorable progress was made."

It should be added here that the most far-reaching development of the first year was the establishment of the Manchuria Industrial Development Corporation as a central, coordinating agency in the field of heavy industries (See below, Section 21 on "Manchuria Industrial Development Corporation").

19 Revision of Five-Year Plan

It has been already pointed out that the sudden outbreak of the China Incident in July, 1937, was instrumental in indirectly retarding the progress of the Five-Year Industrial Plan during the first year of its operation. On the other hand, because of the China Incident, the outlook for the economic construction in Manchoukuo began to bear an added significance. In the first place, it became necessary to expand the productive activities in Manchoukuo from the point of view of Japan-Manchoukuo economic bloc to meet the new international situation in the Far East. In the second place, the new situation thus created demanded the emphasis of expansion in the mining and industrial fields more urgently than in the other departments. The result was the revision of the Five-Year Industrial Plan which was effected during the closing months of 1937 and the beginning of 1938. The gist of the Revised Five-Year Industrial Plan, which remains unpublished, is reported to be as follows:

(1) *Mining and Industrial Program*

Steel. The first Plan called for the production of 2,400,000 tons of steel at the end of five years. This goal was raised to 4,500,000 tons and, at the end of four years, it is hoped that Manchoukuo will be able to produce 3,500,000 tons of pig iron and 1,500,000 tons of steel materials, enabling her to export 2,000,000 tons of pig iron to Japan.

Coal. The first Plan projected the production of 25,000,000 tons of coal at the end of five years. This was increased under the revised Plan to 38,000,000 tons, of which 6,000,000 tons will be exported to Japan.

Electricity. The first Plan called for the generation of 1,200,000 kilowatts of electricity at the end of five years. Under the revised Plan, this amount is increased to 2,600,000 kilowatts, equally divided between hydraulic power and caloric heat.

Pulp. Through the increased utilization of reeds and bean stalks as well as woods, the revised Plan proposes to produce 400,000 tons of pulp, an increase of 100,000 tons over the first goal.

Gold. The first Plan looked forward to the production of 200,000,000 yuan worth of gold in five years but this amount was increased to 300,000,000 yuan worth in four years under the revised Plan.

Liquid Fuel. In looking forward to the increased production of liquid fuel, 1,100,000,000 yuan instead of original 320,000,000 yuan are appropriated for the preparation of this work.

Miscellaneous Products. Beginning with the increased production of roughly 1,000,000 tons of salt, the revised Plan hopes to increase the production of such minerals as aluminum, magnesium, lead, zinc, and copper as much as possible, at least doubling the present capacity.

(2) *Agricultural Production*

In the field of agriculture, the most effort will be directed toward the eventual increase in the production of soya beans, at least 5,000,000 tons at the end of five years. As for the immediate future, the revised Plan hopes to increase during the first year 4,500,000 tons each of soya beans and kaoliang, 3,500,000 tons of millets, 2,300,000 tons of maize, 1,550,000 tons of wheat, 400,000 tons of rice, 210,000 tons of sugar beets, and 180,000 tons of barley.

(3) *Transportation and Communication*

As a necessary requisite for industrial expansion, the Government, the South Manchuria Railway Company, and the Manchuria Telephone and Telegraph Company will cooperate in realizing the first Plan and a revised Plan will be drawn up after a further study of the field.

(4) *Provision for Funds*

In proportion to the proposed enormous increase in the production covering all fields of industrial activities, the necessary funds of the execution of the Revised Five-Year Industrial Plan had been increased from an original estimated sum of 2,500 million yuan to a new estimated amount of 5 billion yuan. Of this new estimate by far the largest are 1,100 million yuan for liquid fuel, 700 million yuan for steel, 500 million yuan for electricity, and 300 million yuan each for coal and pulp. Other large items include 140 million yuan for agriculture and live-stock raising, 640 million yuan for transportation and communications, and 220 million yuan for immigration. Of this huge sum, 1,700 million yuan are expected to be raised in Manchoukuo and 2 billion yuan in Japan, while the balance is expected to be raised in other countries. With the rapid rise in prices, the projected estimates of 5 billion yuan may also rise to 6 billion yuan and special efforts will be directed toward the increased production of gold, the augumentation of export trade, and the importation of foreign capital.

The Five-Year Industrial Plan thus revised was put into force in the spring of 1938 and, undismayed by a serious shortage of capital and materials as well as an insufficiency of technicians and laborers, Manchoukuo moved forward to face the second year of this gigantic construction program.

20 Second Year of Five-Year Plan

The Five-Year Industrial Plan during its second year of operation in 1938, according to the report of the Industry Department, on the whole

progressed smoothly. It achieved more than its desired results in the field of steel production and electric generation, while in the other fields of mining and manufacturing preparations and equipments were completed practically according to schedule but production process was delayed. Except a 33 per cent decrease in the production of salt as compared with the result obtained during the first year, productions rose in all branches of the Plan.

In the production of pig iron, steel materials, and steel ingots, an increase was registered respectively of 17 per cent, 50 per cent, and 18 per cent as compared with the results obtained during the first year. This meant an attainment of the second-year goal to the extent of 99 per cent for pig iron, 112 per cent for steel materials, and 95 per cent for steel ingots. Moreover, a result beyond expectation had been obtained in the installation of furnaces and other equipments, mostly made in Manchoukuo. In the construction of hydro-electric power plants, all foundation works progressed according to, or even beyond, the schedule. In the production of coal, an increase of roughly 5 per cent was achieved over the first-year results, the Manchuria Coal Mining Company producing 300,000 tons and the S. M. R. collieries chalking up 800,000 tons. The chief difficulty felt was the shortage of labor and lumber supplies. The delay in the importation of equipments and materials have caused a considerable delay in the construction of coal-liquefaction plants. The production schedule of soda and ammonium sulphate progressed smoothly, but the production of pulp did not measure up to the second-year goal due chiefly to the delay experienced in the utilization of forest resources in the Hsingan Ranges. In the realm of gold, zinc, lead, copper, aluminum, and magnesium industries, concentrated efforts were still being directed in completing preparations for increased or initial productions and, naturally, the actual production was 24 per cent short of the expected goal. The salt industry lagged and the production reached only about 40 per cent of the goal on account of the excess of rainfalls.

The agricultural plans received an unexpected setback on account of damages caused by cold and flood. Besides, the program of establishing Agricultural Cooperative Associations did not progress according to schedule and their participation in the program of increased production was sadly delayed. Yet, the program of opening up new farms progressed steadily and the general results as shown by the third crop estimate for 1938 (See below, Appendix II, No. 6) was fairly satisfactory. The productions of soya beans, maize, rice, and tobacco exceeded the expected results; of some 182,000 hectares of the area under cotton, only some 156,000 hectares matured due to the unreasonable cold weather but the actual yield was comparatively good; the wheat, kenafe, and lucerne crops did not measure up to the required goal due to abundance of rain, while the flax and wild silk productions were on the whole satisfactory.

In the live-stock industry, accurate figures are too early to be had but the actual increase was reported to be on the whole up to the estimated figure. Comparatively good results were secured in the improvement of the quality of pork, beef, skins, and wool, while the results obtained in the case of sheep, horses, and cattle were nothing outstanding. The question of improving the entire field of live-stock industry, thus, remains for the third year to face.

In the construction of railways, highways, and harbors, the results exceeding expectations were registered. The development of communications in particular has shown phenomenal development.

The outbreak of the China Incident has unavoidably impeded the set programs for Japanese immigration into Manchuria and the actual number entering the country fell short of 25,000 households, which is the combined quota for the first two years. This shortage was amply made up, however, by the arrival in Manchuria of the newly inaugurated youth volunteer settlers, of whom 17,429 entered various training camps in Manchoukuo during the year. These youths, after two-year training, will join various types of Japanese settlements. Moreover, the Japanese colonists had a net income of about 800 yen on the average from each *cho* of land (.991 hectares or 2.46 acres) after deducting living expenses, repaying borrowed capital, and meeting miscellaneous expenditures, the yield from each *cho* of land being between 1,800 yen and 2,000 yen (For details, see below, Section 42).

Of the estimated fund of 850 million yuan needed for the second year of the plan, about 80 per cent had been actually secured. This included the yen-funds of 460 million yen, comprising 150 million yen from Japanese bond floatations, and 310 million yen raised by special corporations in Manchuria. With the exception of the Manchuria Coal Mining Company, the other special corporations on the whole succeeded in raising their needed funds without much difficulty. Due to the dismal international situation and the lag in exports the expected amount of foreign capital could not be obtained.

The following table shows the percentage of progress made in the manufacturing fields during the second year in term of 1936, the year before the Five-Year Industrial Plan was inaugurated, and the goal of the second-year in 1938.

SECOND YEAR OF FIVE-YEAR INDUSTRIAL PLAN

Classifications	Percentage over 1936 Figures	Percentage over Second-year goal
Steel	117%	99%
Steel Materials	150%	112%
Electricity	126%	100%
Chemical Products	449%	92%
Semi-manufactured Goods	118%	95%
Coal	105%	91%
Liquid Fuel	100%	100%
Metals Other than Steel	150%	76%

It should be added here, however, that the first and second years constitute a period of preparations and the actual results of the Five-Year Industrial Plan will not be shown until the end of the fifth year after passing through another period of added preparations during the third and fourth years.

21 Manchuria Industrial Development Corporation

The birth of the Manchuria Industrial Development Corporation in December, 1937, may be regarded as one of the greatest events in the industrial history of Monchoukuo as well as of the Far East in recent years. This epochal event grew out of the combination of several factors. The

first and foremost was the revision of the Five-Year Industrial Plan which, as already outlined, laid a decided emphasis upon the expansion of heavy industries and which stimulated the evolution of a coordinated management of the various branches of heavy industries under one head. No less important were the outbreak of the North China Incident and its unexpected development into the China Incident which proved something of a drain upon Japan's productivity and which called upon a coordinated productive expansion in Japan and Manchoukuo on the basis of the Japan-Manchoukuo economic bloc. To cap these two trends was the realization, which was reached through the experiences of the first five-years of controlled industrial activities, that it would be advantageous to leave the industrial affairs to the care of industrialists and that the Nippon Industrial Company possesses every requisite for undertaking such a mission successfully. Of equal importance in expediting the event were the relinquishment of Japan's extraterritorial rights in Manchoukuo and the transfer of her administrative rights over the S. M. R. Zone which strengthened the independent status of Manchoukuo on the one hand and increased the intimacy of Japan-Manchoukuo relationship on the other. It was, in President Aikawa's own language, "in the nature of a chance occurrence, a product of circumstances," and "not the result of contrivance or promotion by any particular man or group of men."

The seeds of this colossal project were sown in the early autumn of 1936 when Mr. Aikawa, the President of the Nippon Industrial Company, made a tour of Manchoukuo at the invitation of the Hsinking authorities for the purpose of inspecting all phases of the region's industrial opportunities. Later, he was appointed an advisor to the Kwantung Army. The seeds thus sown gradually bore a fruit in the form of a huge enterprise to harness and to make available the far-flung rich resources of Manchoukuo under one integrated and coordinated program. Once this procedure had been decided upon, the negotiations proceeded smoothly and rapidly and the first announcement by the Japanese and Manchoukuo Governments and by Mr. Aikawa of the proposed change in the status of the Nippon Industrial Company and the formation of the Manchuria Industrial Development Corporation was made on October 29, 1937. On the following November 20, a general meeting of shareholders of the Nippon Industrial Company unanimously resolved to remove the Company's Head Office to the S. M. R. Zone in Hsinking; on December 1, the nationality of the Nippon Industrial Company was changed from Japanese to Manchoukuoan as a result of Japan's relinquishment of her extraterritorial rights in Manchoukuo and the transfer of her administrative rights over the S. M. R. Zone; on December 20, the Manchuria Industrial Development Corporation Administration Act was promulgated by the Manchoukuo Government; on December 27, a general meeting of shareholders of the Nippon Industrial Company unanimously passed the necessary resolutions for changing the Company into the Manchuria Industral Development Corporation, and all the officers of the old Company resigned from office and new officers were elected; and on March 1, 1938, the new Corporation began its multifarious career officially.

The Manchuria Industrial Development Corporation is a semi-governmental corporation established under the Manchuria Industrial Development Corporation Administration Act (For the text, see Appendix III, No. 8:1)

The Growing Lumber Industry in Manchoukuo

The Expanding Radius of Tobacco Cultivation in Manchoukuo

A Typical Salt Field in Manchoukuo

which was promulgated on December 20, 1937. It was organized with its headquarters at Hsinking as a result of a spectacular merger of interests between the Manchoukuo Government and the Nippon Industrial Company. Thus, of its authorized capital of 450,000,000 yuan of which 396,750,000 yuan are paid up, one-half is furnished by the Manchoukuo Government and one-half by private interests which in fact are the shareholders of the Nippon Industrial Company which operates 18 huge subsidiary enterprises and 130 attendant projects with a combined authorized capital of 900,000,000 yen in Japan. Its object is defined in the Administration Act as expediting the coordinated establishment of heavy industries and controlling those industries. For this purpose the Corporation is authorized "to invest in any or all of the following industries and to direct the management thereof in this country: (1) iron and steel industry; (2) light metal industry; (3) automobile manufacturing industry; (4) aeroplane manufacturing industry; and (5) coal industry." It is authorized also that the Corporation "may invest in the business of mining gold, zinc, lead, copper, and other metals or other enterprises" by obtaining governmental permission for businesses other than the mining.

In order to safeguard the interests of shareholders and to provide for investment of private capital in Manchoukuo, the details of financing have been carefully worked out and defined by the Administrations Act as follows: (1) that the dividend, when the amount is not in excess of 7½ per cent, shall be distributed in the proportion of one part to the Government and two parts to the private shareholders, and, when the amount exceeds 7½ per cent, such excess shall be distributed in equal proportion to both (Article 12); (2) that the Government shall guarantee the principal and consolidated net returns of 6 per cent per annum for ten years from the founding of the Corporation and, when the net profits at the end of each fiscal year are less than 6 per cent, it shall make up a deficit up to 6 per cent, it being understood that it shall be reimbursed in subsequent periods out of any earning in excess of 6 per cent (Article 13); (3) that, in case of the dissoluting of the Corporation, the residual assets shall be divided between the Government and the private shareholders, in the ratio of one to two up to 150 per cent of the amount of the paid-in capital and equally in excess thereof (Article 14); and (4) that, when the capital is increased, special provisions shall be made for the distribution of dividends as well as the distribution of residual assets (Articles 12 and 14). In addition, according to a statement issued to the shareholders of the Nippon Industrial Company, the agreed terms include the following: that no Manchoukuo tax shall be imposed on profit made by the Corporation from investments outside of Manchoukuo and on dividends paid by the Corporation to shareholders residing outside of Manchoukuo; that the Manchoukuo Government shall take suitable steps in regard to the taxation of enterprises in Manchoukuo so that the function of integrated management of the Corporation will not be impaired when a change in the taxation system should cause an additional burden to be placed upon it in the future; that the Corporation shall not be restricted in fixing the dividend rate when a disposal of profits is made; and that the Japanese and Manchoukuo Governments shall take suitable measures with regard to the transfer of private shares so that the existing negotiability shall not be impaired. The Corporation is empowered to issue

debentures up to twice the amount of the paid-in capital with the sanction of the Government. The Corporation is to have one President and two Vice-Presidents, to be appointed by the Manchoukuo Government, and five or more Directors and three or more Auditors, to be elected at general meetings of shareholders. Mr. Yoshisuke Aikawa, the former President of the Nippon Industrial Company, was appointed the first President of the new Corporation.

The work of the Corporation thus organized during the first year concerned on the whole in lining up its future activities. Under its general control has come among others, 9 companies in Manchuria and 13 companies in Japan as its principal subsidiaries. Those companies in Manchuria (See Appendix III, No. 8:3) are the Showa Steel Works producing pig iron and steel products, the Penhsihu Coal and Iron Works producing pig iron and steel, the Manchuria Aluminum Manufacturing Company manufacturing aluminum, the Dowa Automobile Company producing passenger cars and trucks, the Manchuria Mining Company mining gold and other metals, the Manchuria Coal Mining Company engaged in coal mining, the Manchuria Gold Mining Company engaged in gold dredging, the Manchuria Lead Company producing lead and zinc, and the Manchuria Soya Bean Industry Company producing soya bean flour and oil. Of these, the first 4 are semi-special corporations, the next 3 are special corporations, and the last 2 are ordinary corporations. It has since organized the Manchuria Aircraft Manufacturing Company for the production of airplanes and the Tungpientao Development Company for the development of the Tungpientao region. The 13 companies in Japan were the subsidiaries of the Nippon Industrial Company before its merger.

President Yosuke Matsuoka of the South Manchuria Railway Company, in commenting upon the organization of the new Corporation, summarized the situation on October 29, 1937, as follows:

"The Governments of Japan and Manchoukuo have formulated a plan for the establishment of a corporation to carry on the development of Manchoukuo's heavy industries in accordance with a policy common to both countries. This is indeed a great step toward the accelerated development and expansion of Manchoukuo's heavy industries, in response to the urgent demand of both Japan and Manchoukuo. The South Manchuria Railway Company has been a pioneer in the exploration of Manchoukuo's resources during the past thirty years. It is a pleasure to recollect that my Company has contributed its share, and that share has been of no mean proportions, to the establishment of heavy industries. In the current period of spectacular expansion, a new state-supported corporation is to be organized for the exclusive purpose of developing heavy industries. It may be said that my Company has adequately fulfilled its pioneer mission of exploring these industries in Manchoukuo. At a time when, in the course of the State's rapid growth, new fields of activity are being opened up for my Company, it is only logical that those industries for which we have successfully completed our pioneering work should be removed from our control. It has been a policy of my Company, in force for some time, to sell off to the public at large the shares of its subsidiaries. It is therefore only natural that when a semi-governmental corporation is formed for exclusive purpose of speeding up the development of heavy industries, my Company should as far as

possible transfer thereto such of our enterprises as come within its sphere. From the higher standpoint of State policy and in sympathy with measures which have been adopted by the two Governments, my Company is prepared to give to the new corporation all of the cooperation necessary for the achievement of its aims. Negotiations in regard to the particular enterprises concerned will be conducted after the new corporation has been formed."

22 Law Controlling Key Industries

Since the proclamation of the "General Outline of the Economic Construction Program of Manchoukuo" on March 1, 1933, Manchoukuo has successfully laid the foundation of her national policy of "controlled economics" during the first five years of her phenomenal constructive life. In the field of industry, this policy of control was realized through the classification of various industries into three classes of official or special, semi-official or semi-special, and free and the creation under the "Law Governing Special Companies" of 30 special and semi-special corporations including all important industries before 1937. (See Fifth Report, Sections 35–36 on "Manchoukuo Policy of Industrial Control" and "Development of Industrial Control").

This new economic system, however, not only lacked a definite legal basis, but failed to provide a clear distinction between so-called free enterprises and others which required governmental permission. The result was that this form of control through administrative measures, based upon an abstract policy of control, threatened to impede the smooth functioning of the spirit of enterprise in those fields of industry where free management by private capital was allowed. Moreover, with the formulation of the Five-Year Industrial Plan further clarification of the policy of national control and the sphere of controlled industries became necessary to supplement the Five-Year Industrial Plan itself. As a result, the Department of Industry began to compile a law for controlling key industries early in 1936. After a year of laborious deliberations and negotiations, the "Law Controlling Important Industries" was promulgated by an Imperial Ordinance on May 1, 1937, and went into force on May 10, 1937, together with another Imperial Ordinance on "Matters Concerning the Enforcement of Law Controlling Important Industries."

The Law Controlling Important Industries, consisting of 14 articles and supplementary provisions (See Appendix III, No. 4), was designed to afford juridical order to the structure of "controlled economics" already in force. For the first time, the Law gave a clear-cut line of juridical demarcation between controlled and free enterprises, and legalized and strengthened the national policy of control in the field of controlled industries. Accordingly, the Law laid down the following six fundamental principles of control over any of the important industries named: (1) that a person desiring to engage in any of the important industries shall obtain Government permission therefor (Article 1); (2) that a person so engaged shall make a written report of his business program and a written report on his business condition for each business year (Article 2); (3) that the Government may issue to a person so engaged orders necessary "for upholding the public interest or for exercising control" in connection with his enterprise (Article 3); (4) that the

Government may cause a person so engaged to submit a report on or to permit officials to conduct an examination of the condition of his business or property (Article 4); (5) that a person so engaged shall obtain Government permission (a) in entering, revising, or abolishing agreement for effecting control, (b) in effecting changes in productive equipments, (c) in transfering his business to other persons, or (d) in effecting a merger (Article 5); and (6) that a person so engaged shall report (a) when he has abolished or suspended the whole or a part of his business and (b) when liquidation has been effected (Article 6). The Law then goes on to define the manner of punishments to be meted out for the violations of its various provisions (Articles 7–14). The supplementary provisions clarify the procedure necessary for those who have permissions already, those who do not possess permissions, and those who have applied for permissions but have not yet received them.

The "important industries" thus affected were enumerated by a separate Imperial Ordinance as follows: (1) arms manufacturing industry; (2) aircraft manufacturing industry; (3) motor car manufacturing industry; (4) liquid fuel (mineral oils and absolute alcohol) manufacturing industry; (5) iron, steel, aluminum, magnesium, lead, zinc, gold, silver, and copper refining industry (the wet process of refining gold or silver being excluded): (6) coal mining industry (that producing less than 50,000 metric tons per annum being excluded); (7) woollen textile manufacturing industry (that carried on by hand-looms being excluded); (8) cotton spinning industry; (9) cotton textile manufacturing industry (that carried on by hand-looms being excluded); (10) hemp thread manufacturing industry (producing more than 50 metric tons per annum) and hemp spinning and weaving industry (that carried on by hand-looms being excluded); (11) flour milling industry (having a capacity for a daily production of more than 500 sacks); (12) beer brewing industry; (13) sugar refining industry; (14) tobacco manufacturing industry (producing more than 10,000,000 cigarettes per annum); (15) soda manufacturing industry (refining industry of natural soda being excluded); (16) fertilizer (sulphate of ammonium, nitrate of ammonium, super phosphate of lime, and calcareous nitrogen) manufacturing industry; (17) oil milling industry (carried on by the abstraction system or that equipped with more than 15 presses); (18) cement manufacturing industry; and (19) match manufacturing industry.

In a statement issued on May 1, the Department of Industry explained that "the ultimate aim of the momentous Law Controlling Important Industries promulgated today is to stabilize the economic life of the nation by further consolidating, on the one hand, the foundations of the so-called Japan-Manchoukuo economic bloc and, on the other, by perfecting national defence." It also clarified that the Government does not deem it necessary to control all enterprises alike, industrial or agricultural, and that in careful consideration of the importance and characteristics of every enterprise, the application of the new Law has been limited to the nineteen kinds of enterprises mostly relating to the production of industrial and mineral commodities. It then emphasized the three fundamental principles which the Department of Industry will follow in enforcing the new Law:

(1) As regards enterprises of importance from the standpoint of national defence and those closely related to national economy, the Government will continue its fundamental policy of entrusting one enterprise to one corporation or of treating these enterprises as special ones under State guidance and control with a view to ensuring their sound development.

(2) With reference to enterprises relating to the manufacture of finished commodities from raw materials being yielded at home, the Government by enacting the new Law plans to adjust the relation between enterprises of this sort and those producing such raw materials.

(3) In the case of those important enterprises whose productivity is too big for the actual consumption of their manufactures, the Government intends to mediate among them to cooperate closely in the satisfactory adjustment of their respective productivity so as to suit the actual demand for their products, but by paying special consideration to the welfare of the public. The statement also clarified an important point that the Government does not intend to control the internal activities of enterprises, even in the case of those affected by the Law, such as their structure and finance as it does in the case of so-called special corporations.

For this Law Controlling Important Industries to function properly, it was deemed necessary that there should exist a perfect coordinated development of key industries in both Manchoukuo and the Kwantung Leased Territory which are linked together. Thus was prepared and promulgated the "Law Controlling Important Industries" with an Imperial Ordinance in the Kwantung Leased Territory on August 27, 1937, going into force on September 30, 1937. The Law consists of eleven articles and is practically the same as that of Manchoukuo save for a few minor points (See Appendix III, No. 5). It named 21 industries affected, including 3 new ones: (1) steel; (2) aluminum; (3) magnesium; (4) automobile; (5) aircraft; (6) arms and ammunitions; (7) measuring and weighing instruments; (8) cotton yarns and piece goods; (9) hemp piece goods; (10) woollen goods; (11) wheat flour; (12) vegetable oil; (13) petroleum; (14) pure alcohol; (15) cement; (16) salt; (17) soda; (18) sulphate of ammonium; (19) explosives; (20) matches; and (21) tobacco. The most significant point in this Law is the heavier penalty prescribed in its enforcement in the Kwantung Leased Territory as compared with that prescribed in the Manchoukuo Law.

23 General Industrial Expansion

The period under review has witnessed a continued expansion in all phases of industrial activities and new firms were established in increasing numbers. In this respect, Manchoukuo continues to be a veritable industrial boom land.

Between 1932 and 1935, the Manchoukuo Government has caused the establishment of 12 special and 6 semi-special corporations, the combined authorized capital of the former at the end of 1938 totaling 336,300,000 yuan and of the latter, 385,990,000 yuan (See Fifth Report, Section 36). To these were added 17 special and 6 semi-special corporations during 1936–1938 as the following table shows (For names, see Appendix II, No. 10):

SPECIAL AND SEMI-SPECIAL CORPORATIONS, 1932–1938

(In 1,000 Yuan)

Years	Special Corporations			Semi-Special Corporations		
	Number	Authorized Capital	Paid-up Capital	Number	Authorized Capital	Paid-up Capital
1932–35	12	336,300	234,000	6	385,990	258,490
1936	6	104,000	73,350	2	18,000	12,000
1937	6	607,000	518,850	2	6,000	3,100
1938	5	110,000	37,500	2	33,000	13,200
Total	29	1,157,300	863,700	12	442,990	286,790

Of the special corporations established during 1936–1938, the most important were the Manchuria Industrial Development Corporation (See above, Section 21), the Industrial Bank of Manchou (See below, Section 28), the Manchuria Colonial Development Company (See below, Section 42 : 2), the Manchuria Aluminum Manufacturing Company (See above, Section 17), the Manchuria Mixed Fuel Company (authorized capital 50,000,000 yuan, paid-up capital 10,000,000 yuan), and the Manchuria Yalu River Hydro-Electric Power Company (authorized capital 50,000,000 yuan, paid-up capital 25,000,000 yuan) which is the Manchoukuo portion of the gigantic Yalu River hydro-electric power project (See above, Section 17).

If we look at the companies and firms of all kinds which were established after the founding of Manchoukuo, we have the following table of multiplying numbers according to the reports of the Central Bank of Manchou:

NEWLY ESTABLISHED COMPANIES, 1932–1937

(In 1,000 Yuan)

Classification of Companies	1932–1935			1936			1937		
	No.	Authorized Capital	Paid-up Capital	No.	Authorized Capital	Paid-up Capital	No.	Authorized Capital	Paid-up Capital
Banking	20	40,750	23,650	4	30,700	15,350	—	—	—
Exchange	3	1,500	375	1	500	125	—	—	—
Cooperative Finance	2	130	32	3	270	67	1	100	25
Brokerage	28	9,774	7,969	19	3,080	1,780	17	1,084	990
Commercial	412	34,009	20,453	273	26,007	18,206	349	18,199	13,752
Market	4	1,015	915	1	70	70	1	60	60
Textile, Dye	10	8,520	5,520	6	5,856	4,717	10	6,928	3,828
Chemical	13	7,223	6,473	18	49,115	23,690	16	61,761	16,361
Metal, Machinery	29	43,812	21,437	8	37,979	13,844	21	12,051	6,926
Lumber, Wood Works	19	2,207	1,082	15	3,915	2,485	3	3,139	1,639
Food Stuff	51	36,144	20,762	22	9,011	5,686	31	9,414	6,574
Misc. Industries	41	22,350	8,385	35	59,130	57,802	19	28,421	27,221
Ceramic	66	78,764	64,112	6	991	663	25	246,085	214,130
Electricity, Gas	15	93,220	92,417	2	600	300	8	16,533	10,158
Transportation, Express	46	8,127	7,127	20	1,737	1,052	14	8,520	7,032
Warehousing, Insurance, Press	6	100,485	59,285	1	3,000	1,500	4	5,395	1,420
Real Estate, Building	38	15,303	12,713	27	4,079	2,449	33	21,002	7,164
Colonial Development	20	6,506	4,302	17	36,264	20,077	13	54,805	34,655
Contract, Coolie Supply	66	5,456	4,995	28	4,590	4,540	27	3,535	3,010
Newspaper, Printing	17	1,662	1,162	11	2,756	2,531	13	2,768	953
Hotel, Amusement	19	1,256	1,080	15	1,119	969	12	487	437
Miscellaneous	31	976	845	9	615	615	11	257	257
Total	956	520,218	265,212	541	281,387	178,521	628	500,551	356,569

During the year 1938, according to the same source, 625 new firms with a total combined authorized capital of 134,500,752 yuan were established, while 82 firms increased their authorized capital by 23,049,425 yuan, 75 firms increased their paid-up capital by 150,428,500 yuan, 3 firms decreased their capital by 212,500 yuan, and 107 firms whith a total combined capital of 20,896,200 yuan were dissolved, netting 518 in the number of firms and 136,441,477 yuan in the total combined authorized capital. At the end of 1938, moreover, the total number of companies, according to the same source, jumped to 3,888, with a total combined authorized capital of 3,362,523,000 yuan and a total combined paid-up capital of 2,478,805,000 yuan. The details are as follows:

TOTAL NUMBER OF COMPANIES, DECEMBER 31, 1938

(In 1,000 Yuan)

Classifications	Number	Authorized Capital	Paid-up Capital
Banking	53	87,466	45,903
Exchange	12	26,685	9,435
Cooperative Finance	13	2,310	1,102
Brokerage	165	79,728	34,889
Commercial	1,809	150,682	114,410
Market	10	1,285	1,134
Textile, Dye	52	87,898	43,945
Chemical	119	262,640	127,729
Metal, Machinery	115	259,094	212,695
Lumber, Wood Works	91	30,550	16,062
Foodstuffs	216	75,402	47,439
Misc. Industries	119	114,818	95,858
Ceramic	186	734,114	603,331
Electricity, Gas	28	190,739	144,103
Transportation, Express	164	902,581	761,824
Warehousing, Insurance, Press	21	64,220	41,313
Real Estate, Building	151	89,846	44,406
Colonial Development	119	733,722	82,627
Contract, Coolie Supply	212	37,358	29,210
Newspaper, Printing	61	13,794	9,373
Hotel, Amusement	51	11,142	7,858
Miscellaneous	121	6,449	4,150
Total	3,888	3,362,523	2,478,805

24 New Industrial Center of Mukden

Parallel with the construction of Hsinking as the political capital of the new State, the city of Mukden is witnessing a marvelous transformation of its western section into a new industrial center. Just as in the case of Hsinking, what was before 1931 nothing but a rolling stretch of grassy fields and scattering farms has now become a veritable bee-hive of industrial plants, public buildings, and private residences. The Tiehsi, as this section of Mukden west of the railway is called, is destined to become the industrial capital of Manchoukuo.

Long before 1931, the South Manchuria Railway Company, with its usual foresight, planned to establish a new industrial center in Mukden and repeatedly negotiated with the Chang regime for the purchase of a large tract of land to the west of the railway. All negotiations failed. Then came

the Manchurian Incident and the eventual establishment of Manchoukuo. After the emergence of the new State, the eventual construction of an industrial empire was proclaimed by the publication on March 1, 1933, of the "General Outline of Economic Construction Program of Manchoukuo." In this detailed document, the Government proposed, among other things, to establish industrial districts in Mukden, Antung, Harbin, and Kirin for the purpose of stimulating a "healthy development of industries" and securing the "benefits of concentrated establishments." It was in realization of this vision that the phenomenal development of industrial districts followed, especially at Harbin and more notably at Mukden.

With such a background, an auspicious start in the development of the Tiehsi section of Mukden was made in March, 1935, with the establishment of the Mukden Industrial Land Company. This Company was established with an authorized capital of 3,500,000 yuan, all paid up (increased to 5,500,000 yuan in July, 1935), jointly furnished by the Manchoukuo Government and the South Manchuria Railway Company, for the purpose of constructing and managing the industrial sites and accompanying facilities, including city streets and public utilities. Two years later, in 1937, in view of the impending abolition of Japan's extraterritorial rights in Manchoukuo, the South Manchuria Railway Company sold off its shares in the Mukden Industrial Land Company to the Manchoukuo Government and the management of the entire project was completely entrusted to the City of Mukden. The land involved in this gigantic industrial project now total some 4,500,000 *tsubo* or 14,215,000 square metres, approximately 5 square miles.

Within a short span of slightly over three years since the inauguration of the project, the human efforts have transformed the Tiehsi area into a great industrial town. The marvelous speed with which the Tiehsi had been built up may be seen from the fact that, on January 31, 1939, there were already 107 factories in operation, 36 factories under construction, and 48 factories still untouched, representing a total capital of almost 300,000,000 yuan. The following table gives the distribution of various industries on the Tiehsi map as of January 31, 1939:

NUMBER OF FACTORIES IN TIEHSI, MUKDEN

Industries	In Operation	Under Construction	Being Projected	Total
Textile	5	2	3	10
Metal	30	7	9	46
Machinery, Tools	15	6	12	33
Chemical	10	12	12	34
Food-stuff	15	1	1	17
Ceramic	5	3	2	10
Lumber, Wood Works	8	0	3	11
Miscellaneous	19	5	6	30
Total	107	36	48	191

Although the Tiehsi is easily reached from the center of Muken, a new city is also growing around the rapidly multiplying factories. For the project includes, not only the building of an industrial district, but also the accommodation of all necessary facilities such as residences, stores, governmental buildings, schools, and even parks and other recreation centers. Thus, by the close of 1938, there were already some 13,000 households

embracing 63,000 inhabitants and roughly 80,000 people were in daily employment within the district. Within a few years, an all-inclusive industrial town with a population of at least quarter of a million and an annual production exceeding 100 million yuan is expected to rise.

25 Provisional Capital Control Law

The phenomenal progress and expansion of various enterprises in Manchoukuo, especially in connection with the enforcement of the Five-Year Industrial Plan, have greatly increased the demand for capital. To meet this new situation, the Manchoukuo Government has promulgated on September 20, 1938, the Provisional Capital Control Law which went into force on October 1, 1938. The fundamental purpose of the new Law is not to control enterprises at random but to regulate and to effectively utilize domestic capital for the smooth execution of the Five-Year Industrial Plan as well as other enterprises which are urgently needed at the expense of less urgently needed enterprises. It consists of nine articles and supplementary regulations.

Formerly, all companies with the exception of special corporations were not required to apply to the Government to obtain permission on such matters as the increase of capital, mergers, calling up of unpaid shares, and floatation of new debentures. The new Law enforces the same requirements upon all companies alike, regardless of the amount of their capital. In all cases, the applications with necessary papers are to be made to the Department of Finance and Commerce which grants permission systematically and in accordance with carefully worked-out plans. In facilitating this work, the Central Bank of Manchou are authorized to handle all business relative to the obtaining of permission under the new Law, as well as the following matters relative to the obtaining of permission from the Minister of Finance and Commerce: (1) in case of banks or insurance companies advancing loans amounting to more than 100,000 yuan which are to be used as funds for the establishment of new enterprises or for the expansion or improvement of existing enterprises; (2) subscription to foreign securities amounting to more than 500,000 yuan; (3) establishment, increase of capital, or amalgamation of companies with capital exceeding 500,000 yuan; (4) changes in the business objects of companies; (5) paying up of shares after the second payment; and (6) establishment of new enterprises or expansion or improvement of existing enterprises of joint-stock companies, the cost of which exceeds 100,000 yuan and which is to be undertaken without funds obtained by paying up shares, floating debentures, or securing loans from banks or insurance companies. The Law also authorizes the companies established for the development of important industries designated by the Minister of Finance and Commerce to issue debentures up to an amount twice their paid-up capital upon receiving permission from the authorities concerned.

The standard of controlling enterprise funds based upon the Provisional Capital Control Law was set by the sub-committee of the Government's Planning Committee at its meeting on September 27 and officially announced on September 30 by an Ordinance of the Department of Finance and Commerce. In setting the standard, the industries having close connection with (1) the Five-Year Industrial Plan, (2) the acquisition of resources necessary for national defence, and (3) the productive capacity of Japan and Man-

choukuo were taken into special consideration and they were divided into three categories of "A," "B," and "C." As regards the industries belonging to "A" category, it has been unofficially decided to grant permission so long as there are no special circumstances to disapprove it; "B" category industries are more restricted than "A" category industries, while permission will be granted only under special circumstances in the case of "C" category industries. The industries coming under "A" category are enterprises directly related to munitions manufacturing, enterprises included in the Five-Year Industrial Plan, enterprises undertaking the manufacture of materials needed for the execution of the Five-Year Industrial Plan, and enterprises for the manufacturing of export goods, the establishment, expansion, or improvement of which is necessary. The industries which come after "A" category industries and whose establishment, expansion, or improvement is necessary are classed in "B" category, while enterprises which produce more than the needed supply, which are engaged in the manufacture of luxuries, and which are not essential for the economic life of the people, the establishment, expansion, or improvement of which is deemed improper for the time being, are included in "C" category.

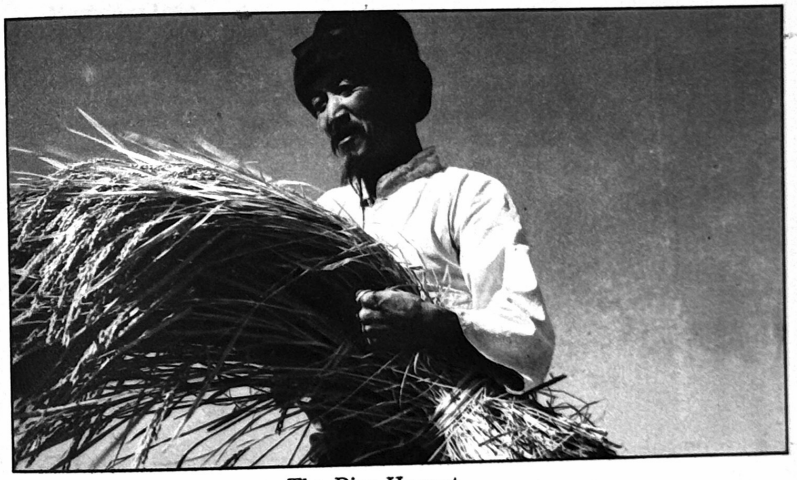
In accordance with the provisions of Article 5 of the Provisional Capital Control Law, the privilege of issuing debentures up to an amount twice their paid-up capital has been granted to the following ten industries designated by the Trade and Finance Sub-Committee as key-industries in Manchoukuo: gold mining, coal mining, iron manufacturing, aluminum manufacturing, machinery manufacturing, rolling-stock and automobile manufacturing, aircraft manufacturing, munitions manufacturing, coal liquefaction, and electric industry.

26 Growing Japanese Investments in Manchuria

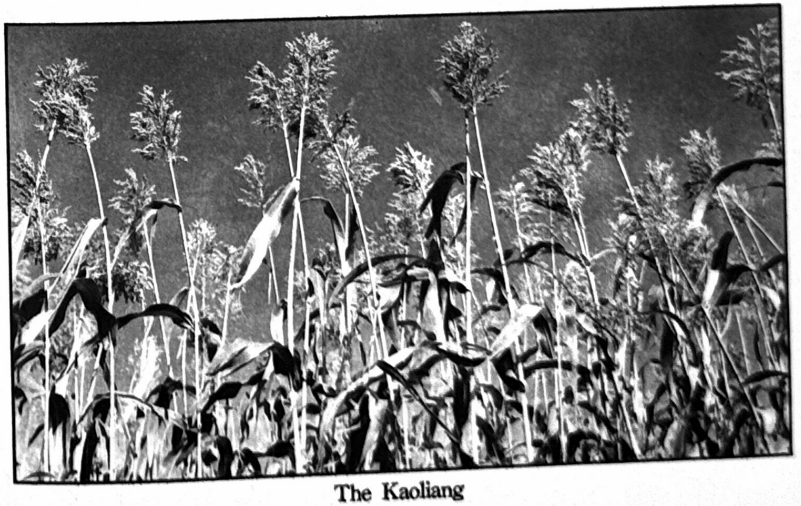
During the period under review, Japanese investments in Manchuria kept on increasing with leaps and bounds. This was due fundamentally to the further intensification of various activities under the Japan-Manchoukuo Economic Bloc (For details, see Fifth Report, Section 39). Especially noteworthy was the wholehearted Japanese cooperation in connection with the inauguration of the new Five-Year Industrial Plan (See above, Sections 17–20) which decidedly increased Japanese investments in Manchuria during 1937 and 1938. The China Incident stimulated the accelerated production in various phases of heavy industries and led to the augmentation of Japanese capital investments in Manchuria further.

According to surveys made by the South Manchuria Railway Company, Japanese investments in Manchuria prior to 1930 were calculated to be around 1,616,966,000 yen, of which 742,060,000 yen or 47.8 per cent were concentrated in the total capital outlay of the South Manchuria Railway Company and its manifold activities. To this huge total were added new investments amounting to some 788,381,000 yen during 1932–1935 or first four years of the new State (See Fifth Report, Section 39), making the total investments up to 1935 around 2,405,347,000 yen. During the period under review, according to the reports of the Manchurian Affairs Bureau, 262,995,000 yen were added in 1936, 341,272,000 yen in 1937, and 430,981,000 yen in 1938, or a total of 1,035,248,000 yen. The grand total of Japanese invest-

The Hops Cultivation in North Manchuria



The Rice Harvest



The Kaoliang

ments in Manchuria at the end of 1938 is thus estimated to be around 3,440,595,000 yen.

The details of Japanese investments in Manchuria during 1936–1938, as announced by the Manchurian Affairs Bureau in Tokyo, are as follows:

JAPANESE INVESTMENTS IN MANCHURIA, 1936–1938

(In 1,000 Yen)

Specifications	1936	1937	1938
S. M. R. Share Payments	36,000	56,000	20,000
S. M. R. Debenture Increase	154,775	21,000	115,000
S. M. R. Borrowings	75,550	84,000	89,000
S. M. R. Subsidiary Shares Sold	17,205	—	1,344
Net Increase in Debentures and Borrowings of Leading Companies in Manchuria	31,750	20,050	28,700
Paid-Up Capital of New Companies	36,046	34,144	91,613
Paid-Up Capital of Old Companies	23,394	50,719	42,285
Manchoukuo Loans	2,000	2,000	2,000
Manchoukuo National Bonds	4,000	6,000	8,000
Manchoukuo Borrowings for N. M. R.	15,400	38,360	38,360
Manchoukuo N. M. R. Bonds	60,000	—	50,000
Manchoukuo Investment Bonds	—	—	600
Manchoukuo Special Enterprises Bonds	—	—	100,000
Manchuria Industrial Bank Bonds	—	45,000	—
Total	262,995	341,272	430,981

V FINANCIAL REHABILITATION

27 Stabilization of National Finance

During the first five years of its statehood, 1932–1937, the Manchoukuo Government had exerted every effort in laying the foundation of a sound fiscal administration by (1) introducing a national budget system, (2) readjusting the taxation system, (3) readjusting the government monopoly system, (4) improving tax collecting organs, (5) readjusting government and public enterprises as well as government and public properties, and (6) establishing a completely unified currency system through the Central Bank of Manchou (For details, see Fifth Report, Chapter II on "Financial Rehabilitation"). The readjustment of the national fiscal administration on such an extensive scale and in such a thorough manner naturally required time and the progress looked forward was to be slow. And yet all of these ideals have been successfully translated into action during the first five years, a record of achievements which is nothing short of a marvel, especially in the light of the chaotic conditions of the state finance under the former regime. Having thus succeeded in completing the groundwork of a sound national finance by inspiring reliance upon the new State and establishing confidence among the people, the Manchoukuo Government has adopted a more constructive fiscal policy after 1938, turning from a conservative policy of internal readjustment to a positive policy of constructive national activities. The period under review, 1936–1938, bridges these two stages in the stabilization of the Manchoukuo fiscal administration. The most noteworthy trends of the period have been the adoption of positive national budgets, the solidification of the customs administration, and the expansion of government monopolies.

(1) *National Budgets*

The Manchoukuo Government has compiled its national budget eight times to date since its foundation. These series of budgetary compilations reveal traces of administrative improvements and national consolidation, as well as signs of a rapid but sound development in national finance. Expressed in term of figures, the national budget has increased annually from 19,328,000 yuan for 1932–33 to 170,542,000 yuan for 1933–34, 188,725,000 yuan for 1934–35, 104,999,000 yuan for 1935 (6 mos.), 219,405,000 yuan for 1936, 248,099,000 yuan for 1937, 304,555,000 yuan for 1938, and 403,378,000 yuan for 1939. In term of index numbers, taking the 1932–33 figures as 100, the national budget has increased to 124 for 1933–34, 137 for 1934–35, 152 for 1935 (6 mos.), 159 for 1936, 180 for 1937, 221 for 1938, and 292 for 1939, showing a slow increase up to 1936 and a mounting increase after 1937. The following table shows a summary of Manchoukuo budgets during 1937–39 (For previous years, see Fifth Report, Section 7):

MANCHOUKUO GENERAL ACCOUNTS BUDGETS, 1937–1939

(In 1,000 Yuan)

	Ordinary	Extraordidary	Total	Index Number (1932–34=100)
Revenue				
1937	211,632	36,467	248,099	180
1938	240,335	64,220	304,555	221
1939	299,838	103,540	403,378	292
Expenditure				
1937	119,113	128,986	248,099	180
1938	143,659	160,896	304,555	221
1939	182,034	221,344	403,378	292

The chief characteristic feature of the 1937 budget is, as already inferred, the resort made to the floatation of loans in seeking the additional source of revenue. This new departure was necessitated primarily by the mounting expenditures in turn caused by the inauguration of the general Second-Stage Construction Program, and the Five-Year Industrial Plan, the reorganization of the national and local administrative system, and the proposed abolition of extraterritoriality in Manchoukuo. Between 1932 and 1936, the issuance of government bonds was avoided as much as possible and was limited to about 10 million yuan a year, the amount being used for public works such as the construction of highways. In the 1937 budget, the loans to be raised totaled 151,398,000 yuan, of which 15,000,000 yuan were allotted to the General Accounts (chiefly for highway construction and other public works), 83,000,000 yuan to the Investment Special Account, 40,663,000 yuan to the Railway Loans Special Account, 3,150,000 to the Hydro-Electric Power Enterprise Special Account, and 9,085,000 yuan to other miscellaneous working funds. In addition to the above-mentioned, three other new special accounts have been created, namely, the Horse Race Special Account, the Prison Special Account, and the State Loans Special Account, while the former Opium Monopoly, Oil Monopoly, and Salt Transportation Office Accounts have been unified into the Monopoly Enterprise Account and the Sinking Fund Account and the Adjustment Fund for Old Loans secured on Customs Duties and Salt Gabelle Account have been merged into the Loan Adjustment Fund Account. It may be added also that a reduction in taxes and duties totalling 8,000,000 yuan has been set down in the 1937 budget. This amount comprises roughly 4,000,000 yuan reduced by the inauguration of the salt monopoly, 2,210,000 yuan and 300,000 yuan by the restoration of the live-stock tax and slaughter tax to the revenues of the Provincial Governments, 700,000 yuan by the revision of stamp duty, and 750,000 yuan by the abolition of Shui-kiang Chuan (river conservation tax).

The similar principle of positive finance ruled the formation of the 1938 budget, especially in adopting the country to the situation brought by the China Incident. On the whole it aimed to effect, by mobilizing all internal facilities, the strengthening of national defence, the promotion of the nation's productive capacity through the Five-Year Industrial Plan, and the adjustment of international trade balance in collaboration with Japan, besides ensuring a smooth working of various arrangements instituted to cope with the new situation arising from the abolition of extraterritoriality by Japan. Necessarily the funds to be raised through the floatation of loans increased, reaching a huge total of 373,648,000 yuan. Of this amount 40,000,000 yuan were allotted to the General Accounts and 333,648,000 yuan to the Special

Accounts. Of the latter group, 305,000,000 yuan were for the Investment Special Account, 16,380,000 yuan for the Hydro-Electric Power Enterprise Special Account, 6,732,000 yuan for the Railway Loans Special Account, and 5,536,000 yuan for miscellaneous Special Accounts. As in 1937, three new special accounts have been created in the 1938 budget, such as the River Improvement and Irrigation Enterprise Special Account, the Scientific Research Enterprise Special Account, and the Provincial Finance Coordination Fund Special Account.

Much the same general trend governed the formulation of the 1939 budget now in force. This year, the Government is seeking some 396,428,000 yuan through the floatation of loans. Of this amount 42,300,000 yuan have been assigned to the new special account known as the Colonial Development Enterprise Special Account for various subsidized activities in connection with Japanese and Chosenese immigration. Of the balance, 250,000,000 yuan are taken up by the Investment Special Account, 30,000,000 yuan by the Hydro-Electric Power Enterprise Special Account, and 65,000,000 yuan by the General Accounts.

If we now summarize the eight Manchoukuo budgets from 1932 to 1939 in term of appropriated expenditures and revenues and actual expenditures and revenues, we have the following tables, showing a sound development of national fiscal administration (For details during 1937–1939, see Appendix II, No. 2):

COMPARISON OF GENERAL ACCOUNTS BUDGETS, 1932–1939

(Unit: M¥)

A. REVENUES

Fiscal Year	Budgetary Estimates	Index Number (1932–33=100)	Net Receipts
Pre-Budgetary Period (March 1–June 30, 1932)	—	—	21,237,229
First Fiscal Year of Tatung (July 1, 1932–June 30, 1933)	137,957,000	100	152,922,929
Second Fiscal Year of Tatung (July 1, 1933–June 30, 1934)	170,542,352	124	194,574,151
First Fiscal Year of Kangte (July 1, 1934–June 30, 1935)	188,725,058	137	214,899,465
Second Fiscal Year of Kangte (July 1–December 31, 1935)	104,998,700	152	132,768,292
Third Fiscal Year of Kangte (January 1–December 31, 1936)	219,405,000	159	263,610,066
Fourth Fiscal Year of Kangte (January 1–December 31, 1937)	248,098,760	180	—
Fifth Fiscal Year of Kangte (January 1–December 31, 1938)	304,555,000	221	—
Sixth Fiscal Year of Kangte (January 1–December 31, 1939)	403,377,655	292	—

B. EXPENDITURES

Fiscal Year	Budgetary Estimates	Index Number (1932–33=100)	Actual Disbursements
Pre-Budgetary Period (March 1–June 30, 1932)	19,327,898	14	18,197,864
First Fiscal Year of Tatung (July 1, 1932–June 30, 1933)	137,957,000	100	129,634,904
Second Fiscal Year of Tatung (July 1, 1933–June 30, 1934)	170,542,352	124	165,482,237
First Fiscal Year of Kangte (July 1, 1934–June 30, 1935)	188,725,058	137	187,241,541
Second Fiscal Year of Kangte (July 1–December 31, 1935)	104,998,700	152	99,834,830
Third Fiscal Year of Kangte (January 1–December 31, 1936)	219,405,000	159	220,789,592
Fourth Fiscal Year of Kangte (January 1–December 31, 1937)	248,098,760	180	—
Fifth Fiscal Year of Kangte (January 1–December 31, 1938)	304,555,000	221	—

Fiscal Year	Budgetary Estimates	Index Number (1932–33=100)	Actual Disbursements
Sixth Fiscal Year of Kangte (January 1–December 31, 1939)	403,377,655	292	—

Note: The index number of the second fiscal year of Kangte which covered only a 6-month period was figured out by doubling the actual figures of that period for the convenience of comparison.

(2) *Customs Administration*

Ever since Manchoukuo took over the Chinese customs administration on June 26, 1932, the Manchoukuo Government began to consolidate its customs administration by introducing various reform measures (For details, see Fourth and Fifth Reports). It has perfected the customs organization through various stages, resulting in the final extensive reorganization on May 1, 1936; it has established eight customs offices, twelve branch offices, sixty sub-branches and nearly fifty observation posts; it has effected the increase of the customs staff and the improvement of customs personnel by instituting training courses and adopting rigid examination system; it has successfully worked out an effective control of smuggling by increasing customs officers, stationing frontier guards, and introducing the system of certifying goods; it has revised the customs currency system by substituting the Manchoukuo national currency in place of Haikwan Taels from July, 1933; it has clearly defined the status and powers of the customs by enacting the Organization Law of Manchoukuo Customs in August, and the Regulations Concerning the Department Organization of Manchoukuo Customs in November, 1933; it has effected a fundamental revision of tonnage dues by promulgating the Tonnage Dues Law in June, 1934; it has abolished the interport duty in conjunction with the second customs tariff revision in November, 1934; it has abolished various forms of river taxes on the Sungari, Amur, and Liao Rivers; it has enacted the Customs-House Brokers Law in October, 1936, and instituted adequate control over the customs-house brokers by enacting additional regulations concerning the issuance and cancellation of permits, the rights and obligations of customs-house brokers, and the supervision of customs-house brokers by the Superintendent of Customs; and it has instituted a bonded warehouse system in 1934 and legalized it by enacting the Bond Law and Regulations in December, 1936. At the same time thus consolidating the customs administration, the Government has set upon a difficult task of revising the tariff rates, effecting the first general provisional revision in 1933 and the second revision in 1934 (For details, see Fifth Report, Section 12).

While these various measures of reforms and readjustments were in progress, the Manchoukuo Government has been preparing to enact a far-reaching general code to regulate the entire field of its customs administration. This movement has culminated in the final promulgation of a new Customs Law on December 20, 1937, and its enforcement on and after January 1, 1938. It is composed of the main text, consisting of eight chapters and 281 articles and containing basic regulations concerning the customs administration, and the supplementary regulations defining the export and import tariff rates. It unified and simplified the complicated regulations set down by various orders and ordinances of the past and coordinated the customs regulations with the expanding internal economic conditions of the

country. The fundamental regulations of the Customs Law may be summarized as follows: (1) that duties shall be imposed upon exporters and importers at the time of exportation or importation according to the quality and amount of goods and their normal prices (Articles 1 and 2), while the collection of duties upon personal effects carried by travellers in principle shall be moderated in accordance with the general principles of national taxation (Articles 7 and 9); (2) that such commodities as articles for Imperial use and for the use of sovereigns, chief executives, and diplomats of foreign countries, gifts to philanthropic and public organizations, and the Government's monopoly products which are free from ordinary tariff under the legislation of foreign countries shall be exempt from duties as much as possible (Articles 26 aud 27), while certain kinds of military goods, commodities for the use of State Railways, and the basic equipment of important industries, articles in small amounts other than commercial goods, and minor commercial goods along the border shall be duty-free (Articles 28 and 29); (3) that foreign goods and commodities under Government control crossing the border either way shall take the routes designated by the Superintendent of Customs (Articles 48 and 49), and that such goods shall be stored in bond districts (Article 58); (4) that the bond districts shall be divided into designated bond districts and specially licensed bond districts, the former consisting of customs railway stations, customs aerodromes, customs post offices, customs inspection offices, and customs border offices and the latter, of bonded goods storage places, bonded warehouses, and bond factories (Article 62); (5) that the Superintendent of Customs may allow customs officers in the border districts to carry firearms or watchdogs if he deems such are necessary for the execution of their duties (Article 92) and that he may also suspend the departure or movement of vehicles of transportation or inspect such vehicles and warehouses and take other necessary measures (Articles 194 and 195); (6) that the customs officers may arrest the violators of customs regulations (Articles 214, 220, 221, 222, and 223) and that the Superintendent of Customs may pass sentence upon such violators (Articles 215 and 217). Moreover, the Customs Law has in principle adopted in its entirety the Customs-House Brokers Law which was promulgated in October, 1936.

Another important phase of the new Customs Law related to the fundamental revision and readjustment of the tariff rates. While the Government has effected two provisional revisions of the tariff rates in 1933 and 1934, it has been carrying on investigations for five years with a view to executing the fundamental revision in tune with the general trend of national finance and economy and the progress of international commerce. The result was the third revision in December, 1937. In revising the export duties, the fundamental principle of levying export duties for the purpose of obtaining revenue was adopted and the rates are so fixed to prevent any sharp fluctuation in the national revenue. Thus, the items for assessment were selected in the order in which they yield the greatest revenue. Moreover, export duties are levied upon those commodities the exports whereof demand restriction from the standpoint of national policy. Such commodities include animals and wild fowls which are deemed undesirable for exportation and raw materials such as *kantsao* (a kind of grass), pig skins and bristles, and castor beans which, it is considered, should be exported only in manufactured

forms. Finally, those commodities the exports whereof should be increased as much as possible under present conditions, such as bean cake, kaoliang, maize, and pig iron, are placed on the free list. And thus the number of items for assessment of export duties has been considerably reduced, from 75 to 21. In revising the import duties, a special consideration has been given in coordinating the customs policy with Manchoukuo's Second-Stage Economic Construction Program and in aiming at (1) assisting in the execution of the industrial development plan, (2) balancing of international accounts, (3) readjusting the burden of the excise taxes, (4) securing financial revenue, and (5) contributing to the smooth expansion of trade. With this general background, the revision of import duties has been made, first of all, on the principle of maintaining constant revenue. For this purpose, the Government has fixed the average rate of dutiable goods equivalent to the average rate assessed in 1935 and 1936 and sought to restrict the deviation of rates revision between 5 and 40 per cent of the former rates levied on each commodity. For the same purpose of insuring steady revenue by preventing customs evasion and smuggling, the Government has reduced the import duties on articles such as jewelry, watches, personal ornaments, silk and rayon, which can easily evade the customs or be smuggled. In the second place, the rates which are in conformity with the regulations pertaining to the exemption of duties and the bond system prescribed in the Customs Law are designated upon goods which are necessary for the development of the Five-Year Industrial Plan, various industries connected with the Law Controlling Key Industries, and the industries whose expansion will be promoted or present status maintained. Thus, in the field of mining and manufacturing, the tariff rates on their products and manufacturing machinery have been adjusted, besides exempting (in accordance with Article 29 of the Customs Law pertaining to the exemption of duties) import duties upon the basic equipment of key industries, such as aircraft manufacturing, light metal manufacturing, gold refining, coal liquefaction, shale oil, iron manufacturing, hydro-electric generation, and mining; in the agricultural field, seeds, plants for cultivation purpose, and agricultural implements are made in principle free from import duties, while every possible protection is given to raw materials which are necessary for internal manufacturing industries such as wheat, hemp, raw cotton, and tobacco, with a view to protecting and encouraging the home industries; in the live-stock farming, live-stock such as cattle, horses, mules, donkeys, goats, and sheep are exempt from import duties so as to help increase live-stock and their products, while domestic animals imported for improving the native stock are duty-free under certain conditions. Finally, for the purpose of promoting the livelihood of the people, the necessities of life such as vegetables, marine products and salted sardines, medical supplies, school supplies, books, and printed matters are duty-free or subject to comparatively low rates (For an abstract, see Appendix III, No. 13).

The following table shows the place which the customs revenue occupies in Manchoukuo's national income:

MANCHOUKUO CUSTOMS REVENUE, 1932–1939

(In 1,000 Yuan)

Fiscal Years		Total Revenue	Customs Revenue	Percentage
1932–1933	(Settled Account)	152,923	52,354	34.2
1933–1934	(„ „)	194,574	75,619	38.8
1934–1935	(„ „)	214,899	86,999	40.4
1935 (6 mos.)	(„ „)	132,768	43,896	33.1
1936	(„ „)	263,610	93,535	35.5
1937	(Budget)	283,147	89,658	31.6*
1938	(„)	304,555	96,448	31.7*
1939	(„)	403,378	107,551	26.6*

* The drop in the percentage for these years indicate the sudden increase in the amount of revenue budgeted through national loans.

(3) *Expansion of Government Monopolies*

In the previous Report, the inauguration of opium and oil monopolies was described in detail (See Fifth Report, Sections 15 and 14). During the period unter review, salt, match, and alcohol had been added to the list of national monopolies.

(1) *Salt Monopoly*. During the first five years of its statehood, the Manchoukuo Government retained with slight modifications the salt administration of the former regime which consisted of two entirely different systems, namely, the tax collection system in the former Fengtien and Jehl Provinces and the monopoly system in the former Kirin and Heilungkiang Provinces (For details, see Fifth Report, Section 13). As the continuation of these two different systems was both unbecoming to a progressive, unified nation and detrimental to the smooth operation of salt administration, the Manchoukuo Government in 1935 commenced investigations to formulate a plan for the unification of the antiquated system in existence. The result was the formulation of the Salt Monopoly Law which was promulgated on October 23, 1936 and which was enforced from January 1, 1937. The salt monopoly thus adopted was drawn up for the fundamental purpose of (1) equalizing and lightening the burden upon the people, (2) increasing salt production by positive methods, (3) securing the smooth distribution of salt, (4) rationalizing the salt administration system and economizing expenditures, and (5) securing stable national revenue. Under the new system, the old offices such as the Salt Administration Office and the Salt Transportation Office and their branch offices were abolished and the salt monopoly was incorporated into the General Monopoly Office of the Department of Finance, reorganized into the Department of Finance and Commerce after July 1, 1937. Although the manufacture of salt has been placed under the state control for the specific purpose of securing an efficient monopoly system and bringing about the positive exploitation of salt resources of the country, it was made clear that the Government itself will not engage in the production and manufacture of salt and that the manufacture, exportation, and importation of salt are restricted only to those who have obtained the Governmental permission. All salt manufactured or imported must be sold to the Government at a fixed price and the salt thus obtained is to be sold only by dealers licenced for the purpose by the Government. Almost 11,000 retail dealers in the country have been since designated as licenced dealers. With the

inauguration of the monopoly system, the policy of reducing the salt price was continued and further reductions are considered. For this purpose, it is understood that the Government has decided to limit the annual revenue from salt to 25,000,000 yuan, which meant a sacrifice of some 6,000,000 yuan in revenue. This striking result may be seen from the following table showing the comparative prices of crude salt per 100 *chin* in various localities during 1930–1937:

COMPARATIVE PRICES OF SALT, 1930–1937

(Unit: M¥)

Localities	1930	1931	1933	1934	1936	1937
Hsinking	10.30	10.60	10.60	9.50	9.50	6.15
Harbin	10.70	11.00	11.00	10.20	10.20	6.85
Tsitsihar	—	—	11.40	10.30	10.30	6.50
Imienpo	—	—	11.70	10.50	10.50	6.75
Fuyu	11.70	11.00	11.00	10.30	10.30	6.05
Heiho	11.90	12.20	12.20	11.00	11.00	7.30
Chiamussu	11.70	12.00	12.00	10.90	10.90	7.20
Wuchang	—	—	—	10.00	10.00	6.70

Note: The difference in the price of salt in each locality is due solely to transportation charges which vary according to localities.

(2) *Match Monopoly*. The system which the Manchoukuo Government has temporarily adopted with regard to the sale of matches during the first five years was known as public sales system, a combination of taxation and monopoly systems. Under this system, the Government supervised the manufacture and distribution as well as retail business of matches but the public sale was entrusted to the Manchuria Manufacturers' Association, the wholesale dealers paying tax to the Government according to the amount of business handled. This system contained many defects and the Government has instituted investigations for the purpose of revising the system fundamentally. The result was the formulation of the Match Monopoly Law which was promulgated on December 26, 1936, and enforced from February 16, 1937. Under the new system, any person who wishes to manufacture, import, or export matches are required to obtain a permit therefor from the Government, while all matches manufactured or imported automatically became Government monopoly products, which must be sold to the Government in return for fair compensation. As in the other cases of monopoly products, the wholesale trade in matches is limited only to those who are licenced and designated by the Government. In order to exercise proper control over production and to promote the development of the industry, the Government is planning to give positive assistance in regard to the readjustment and unification of those factories which have been established indiscriminately in the past (there are 17 factories in Manchoukuo and 1 in Dairen), the improvement of the importation of raw materials, and the technical guidance. The Government also hopes to effect smooth distribution of matches by establishing additional warehousing facilities, Government sales offices, and sales agencies. The match monopoly thus instituted is a purely financial measure, designed to rationalize and stabilize the price and to ensure national revenue.

(3) *Alcohol Monopoly*. The alchol monopoly was instituted on January 1, 1938. It was designed to ensure the economical production of alcohol,

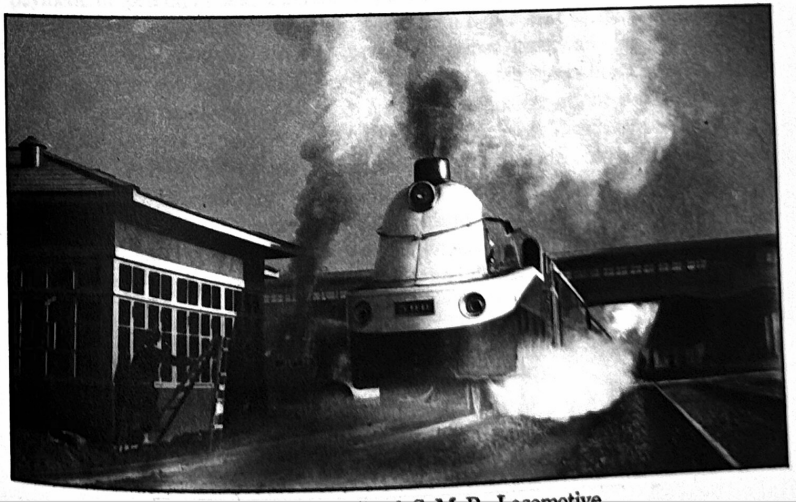
to develop the use of alcohol in mixed liquid fuel, and to encourage the production and consumption generally. The monopoly alcohol contains 90 per cent or more pure alcohol, either absolute alcohol or hydrous alcohol, and a drastic control is placed over the alcohol with less than 90 per cent content. The manufacture, importation, or exportation of alcohol, as in other cases, are carried on under the Government licence system and all alcohol manufactured or imported, with the exception of export alcohol in transit and alcohol for special purposes, is expropriated by the Government. The distribution is made by the Monopoly Office through licenced dealers. As Manchoukuo has various grains suitable for making alcohol and also sufficient manufacturing equipments to meet the domestic demand with considerable surplus, the Government has adopted the policy of restricting importation and encouraging exportation of alcohol. Thus, the manufacturers of *shaochiu*, a popular native drink which is distilled by a primitive method from a mixture of kaoliang, corn, Indian beans, and millet, are required to use the monopoly alcohol, while the manufacture of so-called "new shaochiu," a mixture of ordinary shaochiu and alcohol, has been prohibited.

(4) *Opinum and Narcotics*: The opium monopoly had as its fundamental purpose the extermination of opium evil through national control. In this respect, the reexamination of the system in 1934 and further study of the problem in general finally led the Government in August, 1937, to discard the policy of gradually eliminating addicts and to adopt a new policy of completely exterminating the habit within a period of ten years beginning in 1938. The ten-year plan for the extermination of opium evil as announced on August 12, 1937, outlined an elaborate program including (1) education against opium-smoking, (2) prevention of the appearance of fresh cases, (3) curing of addicted persons, (4) control and improvement of opium to be used in the treatment of addicts, (5) self-restraint of Government and municipal officials, and (6) rigid control of production, buying, and selling of opium in conformity with the policy of eradicating opium smoking. Simultaneously with the strengthening of the opium monopoly, the Government has decided to ban the use of narcotic drugs. Consequently, the Narcotics Law was promulgated in August, and enforced from September 15, 1937. The narcotic administration under the Narcotics Law is primarily under the jurisdiction of the Health Department but, as the opium from which narcotic drugs are manufactured is a monopoly product, the manufacture, importation, and distribution of morphine and heroin were placed under the supervision of the Monopoly Office (For the texts of these Laws, see Appendix III, Nos. 9 and 7).

The national revenue from the monopoly products grew from 6,063,000 yuan for the year 1933–34 to 11,389,000 yuan for 1934–35, 6,373,000 yuan for 1935 (6 months), and 20,116,000 yuan for 1936. The addition of salt and match raised the budgetary estimate for 1937 to 44,368,000 yuan, the further addition of alcohol increased the budgetary estimate for 1938 to 52,325,000 yuan, and that for 1939 to a new record sum of 76,608,000 yuan or 12 times the net profit of 1933–34. In other words, the monopoly profit in 1933–34 amounted to only 3 per cent of the total net revenue but in the 1939 budget it rose to 17 per cent of the total estimated national revenue. With the progress of industrialization of the country, the monopoly profit is expected to increase further.

"Asia," the S. M. R. Super-Express

The S. M. R. Railway Directorate General, Mukden



28 The Industrial Bank of Manchou

The establishment of the Central Bank of Manchou in 1932 was an event of epochal importance. Its steady growth since and its contribution toward the financial rehabilitation of Manchoukuo, including the smooth realization of the complete unification of the national currency, are achievements worthy of unreserved praise (For statistical summary, see Appendix II, No. 3 : 1). In view of the anticipated industrial revolution of the country with the adoption of the Five-Year Industrial Plan and the proposed abolition of Japan's extraterritorial rights in Manchoukuo, however, a deep need was felt for another national banking institution which can devote its chief effort toward the industrial development of the land just as the Central Bank of Manchou has done in regard to the national finance. The result was the birth of the Industrial Bank of Manchou late in 1936.

The Industrial Bank of Manchou was established on December 5, 1936, under the Industrial Bank Law which was promulgated on December 3, 1936, and opened its business on January 1, 1937. It is a special Manchoukuo corporation with an authorized capital of 30,000,000 yuan, of which one-half was furnished by the Manchoukuo Government. It was established for the purpose of facilitating the smooth conduct of general financing and extending long-term loans at low-interest rates for the industrial development of Manchoukuo. It is thus empowered to conduct the following businesses: (1) to discount bills of exchange and other commercial papers; (2) to advance loans on reliable securities and sureties; (3) deposits and overdrafts; (4) safe deposits; (5) exchange and documentary exchange; (6) to collect payment on bills in behalf of companies or merchants having business connection with the bank; (7) to subscribe to or underwrite local bonds and debentures issued for the industrial development of Manchoukuo; and (8) to invite subscription to national and local bonds, debentures, and shares, to accept payments on them, and to handle payment of principal and interest or dividend therefrom. It is authorized to issue debentures to an amount 15 times that of its paid-up capital without a resolution of the general meeting of its shareholders. In case it floats such debentures in a foreign country, the payment of principal and interest is guaranteed by the Manchoukuo Government. It is required to set aside not less than 8 per cent of its net business profit for every business term to provide against losses and at the same time set aside not less than 2 per cent of the net business profit as a means of maintaining the annual dividend for its shareholders at the same rates.

With the establishment of the Industrial Bank of Manchou, the branch offices of the Bank of Chosen then existing within Manchoukuo were closed early in December and the new Bank took over the business of the Bank of Chosen, the Shoryu Bank, and the Manshu Bank within Manchoukuo on January 1, 1937. Its business since has developed steadily as it is shown by the following balance sheets for 1937 and 1938:

GENERAL BALANCE SHEETS OF THE INDUSTRIAL BANK OF MANCHOU: 1937–1938

(Unit: M¥)

I. ASSETS

Account	Dec. 1937	Dec. 1938
Capital Unpaid	15,000,000	15,000,000
Difference of Debenture Value		146,758
Difference of Manchuria Savings Debenture Value		2,972,048
Amortization Loans	8,121,036	14,895,233
Bill Loans	141,303,088	182,040,889
Certificate Loans	21,010,563	20,641,171
Overdrafts	47,318,062	94,304,247
Bills Discounted	15,004,582	22,676,391
Documentary Bills	7,416,990	9,517,215
Public Loans	10,493,962	25,633,004
Time Loans	8,326,607	42,710,789
Interest Drafts		64,979
Government Deposits	11,294,700	2,990,250
Other Deposits		2,327,815
Transfered Savings		8,136
Credit Account	6,571,460	3,923,388
Collateral Securities for Pay Acceptance	3,756,845	7,225,616
National Bonds	81,203,227	82,720,149
Foreign Bonds		621,470
Debentures		1,824,765
Shares		34,532,778
Loaned Securities		916,553
Bank Properties	12,884,776	14,197,908
Short Term Advances	352,899	160,869
Cash on Hand	3,947,741	5,538,532
Total	394,006,511	587,590,953

II. LIABILITIES

Account	Dec. 1937	Dec. 1938
Capital Subscribed	30,000,000	30,000,000
Loss-Covering Reserve	350,000	1,180,000
Dividend Equalization Reserve		205,000
Retirement Allowance: Reserve		150,000
Bonds Issued		10,000,000
Manchoukuo Savings Debentures Issued		5,986,840
Interests and Premiums of M.S.D. Unpaid		3,435
Public Deposits	244,270,074	19,690,741
Fixed Deposits		147,448,153
Current Deposits		80,411,126
Special Current Deposits		49,378,843
Deposits at Notice		80,819,393
Special Deposits		6,915,908
Fixed Reserve		3,486,134
Loans by Government	65,000,000	65,000,000
Debts	29,198,420	33,088,871
Overdrawn		15,474,522
Bills Discounted	322,275	160,781
Debit Account	12,214,151	15,903,594
Pay Acceptance	3,756,845	7,225,616
Government Notes	4,147,760	8,708,176
Interest Unpaid	2,174,755	2,763,049
Unearned Discount	806,590	1,249,263
Suspense Receipt	515,110	886,816
Tax on Deposit Interests	6,172	7,288
Prestation Covering Reserves	12,771	93,670
Net Profit	1,231,588	1,353,734
Total	394,006,511	587,590,953

29 Strengthening of Exchange Control Law

Following the establishment of yen-yuan parity, the Manchoukuo Government had promulgated the Exchange Control Law in November, 1935, for the purpose of preventing sudden and artificial fluctuations in the value of the national currency against those of foreign countries and consolidating the basis of the monetary system by prohibiting speculative transactions in the national currency, preventing the flight of capital abroad, promoting the better circulation of national currency, and preventing the exodus of bullions (See Fifth Report, Section 10 : 2 and Appendix III, No. 11). This was followed soon afterward by a revision of the Japanese Exchange Control Regulations of 1933 in force in the Leased Territory of Kwantung and the S.M.R. Zone for a similar purpose (See Fifth Report, Section 10 : 3). Since then the Japanese Government has tightened the policy of exchange control, especially after the outbreak of the China Incident, and the Manchoukuo Government has taken similar steps on the basis of Japan-Manchoukuo economic bloc. The result was the promulgation of the Revised Exchange Control Law on October 8, 1937, for immediate enforcement. The Kwantung Bureau has also revised its Exchange Control Regulations on the same date to conform with the Manchoukuo Law.

The Revised Exchange Control Law, consisting of 33 articles, followed the fundamental principle of the 1935 Law but considerably strengthened the policy of control by providing for a stringent control of the flow of goods and capital out of the country. The most important portion of the Law relates to the control of import bills and stipulates that government permission is required for all import bills in payment of goods purchased from countries other than Japan in excess of 1,000 yuan in any given month. It further clarifies (1) that exchange for such luxuries as art objects, jewelry, perfumes and cosmetics, cameras, liquors, cigars and cigarettes, and high-class automobiles will not be approved as a rule; (2) that exchange for such imports as wheat, wheat flour, sugar, paper, watches and clocks, confectionary, silk textiles, rayon textiles, earthenware, and canned provisions which are produced in Manchoukuo or for which substitutes can be obtained in Japan will be strictly restricted; and (3) that exchange for the importation of such necessities as raw cotton and wool in excess of the domestic demand will not be granted. Furthermore, government permission is required for (1) all imports and exports without bills, (2) importation and exportation of all securities except for those to be exported to or imported from Japan, (3) acquisition of letters of credit except for those addressed to Japan, and (4) remittance abroad except to Japan of money relating to the withdrawal of deposits, the repayment of loans, and the payment of dividends in corporation stocks. Likewise government licence is required in case any persons desire to remit to their families living in foreign countries other than Japan sums exceeding 1,000 yuan a year or in case any persons planning to travel in countries other than Japan desire to acquire money orders or letters of credit for sums exceeding 1,000 yuan as their travelling expenses.

With the progress of the China Incident and the further strengthening of exchange control policy in Japan, a closer coordination of the exchange control administrations in Japan and Manchoukuo became necessary. The result was the creation on August 10, 1938, of the Provisional Exchange

Control Bureau in the Central Bank of Manchou at Hsinking as a cooperative agency between the Manchoukuo Government, the Central Bank of Manchou, and the Kwantung Bureau. It was provided with the Departments of Funds, Supervision, Audit, Japan and China Affairs, and Research for the purpose of, respectively, investigating and adjusting exchange fund conditions, supervising import licences from abroad, inspecting exchange banks and reports, controlling funds for exchange on Japan and China and import bills on China, and planning trade policies and import and export activities. A special committee consisting of the representatives of the above-mentioned three groups was created within the Bureau to plan and to determine the exchange control policy and to effect an equitable distribution of import exchanges. Thus, the two-headed administration of exchange control in Manchoukuo and the Leased Territory of Kwantung had been unified and virtually concentrated in the Provisional Exchange Control Bureau of the Central Bank of Manchou.

30 Progress of Postal Savings Movement

During the first year of postal administration after the establishment of Manchoukuo, the practice of postal savings was discontinued. It was revived in May, 1933, but its development was at first exceedingly slow, counting 10,799 depositors with deposits totaling 216,929 yuan at the end of 1933 and 21,314 depositors with deposits totaling 631,138 yuan at the end of 1934. With the advance of popular education concerning the value and convenience of postal savings, the movement began to pick up depositors during the third and fourth years, reaching 72,675 depositors with deposits totaling 2,336,089 yuan at the end of 1935 and 72,675 depositors with deposits totaling 7,106,826 yuan at the end of 1936.

The year 1937 has seen a remarkable development in the postal savings movement. The chief cause of the sudden rise in general interest was the proposed abolition of Japan's extraterritorial rights which prompted a complete reorganization of the system throughout Manchoukuo and stimulated a new campaign for popular education. Under the Postal Savings Regulations promulgated and enforced on March 11, 1937, various practices universal in Japan were incorporated for the convenience of depositors. Among such practices adopted, the most revolutionary one was the possible use of one deposit pass book at all post offices in Manchoukuo either in depositing or withdrawing after a simple process of having the account certified by the issuing post office. It has also instituted the monthly savings account, deferred savings account, and contract savings account which are all popular in Japan. As a result of these reform measures and also the taking over of former Japanese post offices in the S. M. R. Zone on December 1, 1937, the postal savings began to increase more rapidly than before. Thus, the number of depositors and the amount of deposits jumped respectively to 204,634 persons and 17,304,209 yuan at the end of 1937 and to 638,003 persons and 51,613,139 yuan at the end of 1938 (For figures relating to postal life insurance, see Appendix II, No. 9 : 4).

VI FOREIGN TRADE

31 Growth of Manchurian Foreign Trade

The trade of Manchuria, which maintained an unbroken record of progress up to 1929, fell off in 1930 owing to the world-wide depression, coupled with ever-falling price of silver which especially affected the Far Eastern trade. The trade figures for 1931 and 1932 showed a continued decrease in consequence of the disturbance of communications occasioned by the Manchurian Incident. The establishment of Manchoukuo brought about a new order of things and the trade began to rise again and to assume a decidedly brighter prospect.

It may be safely claimed that the establishment of Manchoukuo revolutionized the prospect for international trade in Manchuria. In this the four factors were most influential. The first was the emergence of an efficient and honest administration. The second was the initiation of a phenomenal era of constructions, especially in the cities and the transportation sphere, necessitating the importation of an enormous amount of construction materials. The third was the gradual expansion of transportation facilities, especially the railway networks and bus lines, penetrating regions hitherto untapped. The last but not the least was the successful reform in the financial field, especially the unification of the currency system and the establishment of reliable banking facilities. During the period under review, two additional factors affecting the Manchurian trade were witnessed, namely, the inauguration of the Five-Year Industrial Plan in 1937 and the outbreak in July, 1937, and the continuation through 1938 of the China Incident.

The following figures give the complete picture of the Manchurian trade after the establishment of Manchoukuo (For historical background and previous figures, see Fifth Report, Section 40 and Appendix III, No. 4):

MANCHURIAN TRADE, 1932–1938

(Unit: M¥)

Years	Imports	Exports	Total	Balance
1932	337,672,748	618,156,837	955,829,585	+280,484,089
1933	515,832,425	448,477,605	964,310,030	− 67,354,820
1934	593,562,248	448,426,567	1,041,988,815	−145,135,681
1935	604,149,359	421,077,753	1,025,227,112	−183,071,606
1936	691,830,312	602,758,989	1,294,589,301	− 89,071,323
1937	887,411,696	645,297,656	1,532,709,352	−242,114,040
1938	1,274,747,601	725,454,449	2,000,202,050	−549,293,152

From 1920 up to 1932, the Manchurian trade has consistently maintained a favorable balance, reaching a high waterwork of an export excess of 397 million yuan in 1931. After the establishment of Manchoukuo, however, an adverse balance of trade has persisted through 1938, in which year a new high waterwork of adverse balance amounting to almost 550 million yuan was reached. This result was due not to the decrease of exports as the exports of 618 million yuan in 1932 have risen to 725 million yuan in 1938,

but to a phenomenal increase of imports, from 337 million yuan in 1932 to 1,274 million yuan in 1938. The increase of imports was in turn caused largely by an enormous amount of construction materials annually consumed in the country and the increase of purchasing power of the people in general. The following table shows almost ten-fold increase in the importation of goods specially related to the construction fields (Cf. below, Chapter VII):

IMPORTATION OF HEAVY CONSTRUCTION MATERIALS, 1932–1938

(Unit: 1,000 Yuan)

Goods	1932	1933	1934	1935	1936	1937	1938
Iron and Steel Products	22,178	39,997	58,227	51,540	39,506	76,429	122,074
Machinery and Tools	5,113	9,544	28,056	33,510	38,918	65,901	121,501
Vehicles and Vessels	5,386	22,699	30,946	38,471	38,670	44,724	81,734
Electrical Appliances	2,049	8,115	14,484	18,778	21,683	34,014	39,767

32 Trade According to Countries

Japan's share of the foreign trade of Manchuria has been larger than that of any other nation for many years. This tendency has been strengthened further after the emergence of Manchoukuo and the creation of the Japan-Manchoukuo economic bloc. This result is natural when one takes into consideration various factors, especially the geographic propinquity and the phenomenal expansion in all phases of industrial activities in Japan.

During the period under review (For previous years, see Fifth Report, Section 41), the Manchoukuo trade with Japan kept on steadily increasing and far outdistanced other nations in its volume. It has grown from a total amount of 673,967,000 yuan in 1935 to 820,533,000 yuan in 1936, 987,781,000 yuan in 1937, and 1,410,238,000 yuan in 1938, respectively, from 65 per cent of the total trade of Manchuria in 1935, to 63 per cent in 1936, 64 per cent in 1937, and 71 per cent in 1938.

In studying these figures in term of goods, a decidedly steady growth is noticeable in the importation of Japanese cotton, silk, and woolen goods into Manchuria. Especially noticeable has been the supremacy established by the Japanese cotton industry. Japan's strenuous but constant efforts to develop this industry have resulted in an amazing organization of all phases of this industry that its products can successfully compete with any Western products in almost any part of the world. In addition, Japan was favored by her geographic position, enabling her to send her goods to the Manchurian market at much less freight expenses than the Western competitors. Thus, after the Great War, which crippled the cotton mills in Western countries and disturbed ocean transportation, Japan stood supreme in the Far Eastern market. But it should be remembered that the more Japanese cotton goods are exported to Manchuria or elsewhere, the greater will be the purchase of American and Indian raw cottons by Japan.

Next to Japan, China for years has occupied an important place in the Manchurian trade and the position second only to Japan has been consistently maintained. Since the Manchurian Incident, the Manchurian trade with China has declined for obvious reasons, from a total of 135,022,000 yuan in 1933 to 123,299,000 yuan in 1934 and to a low watermark of 97,346,000 yuan in 1935. It began to pick up again in 1936 when a total of 176,288,000 yuan was chalked up, followed by 153,077,000 yuan in 1937 and 192,398,000 yuan in 1938. It is an interesting fact that, in this decline and rise, the Manchurian export trade with China has been steadily on the increase. Thus, Manchurian exports to China rose from 55,210,000 yuan in 1933 to 65,694,000 yuan in 1934, 65,353,000 yuan in 1935, 128,603,000 yuan in 1936, 113,753,000 yuan in 1937, and 121,682,916 yuan in 1938. The imports from China have shown a slight gain during the period under review, from 31,993,000 yuan in 1935 to 47,685,000 yuan in 1936, 39,324,000 yuan in 1937, and 70,716,000 yuan in 1938.

If we turn to Western countries, the Manchurian trade with the United States has shown a most noticeable development in the recent years. The American trade with Manchuria totaled only 22,758,000 yuan in 1932 but it has jumped to 40,088,000 yuan in 1936, 76,197,000 yuan in 1937, and 104,430,000 yuan in 1938. The most remarkable fact about these figures has been the strong favorable balance which the United States has maintained steadily. Thus, the Manchurian imports from the United States have increased from 17,748,000 yuan in 1932 to 23,735,000 yuan in 1936, 57,523,000 yuan in 1937, and 93,070,000 yuan in 1938, more than a five-fold increase, while the Manchurian exports to the United States have increased from 5,010,000 yuan in 1932 to only 16,353,000 yuan in 1936 and 18,674,000 yuan in 1937, dropping to 11,360,000 yuan in 1938, less than a two-fold increase between 1932 and 1938. These figures are most interesting in the face of the American attitude of non-recognition and her complaint against what she calls the "closed door" in Manchuria. On the other hand, the Manchurian trade with Germany has been about the same in value as that with the United States, but the Manchurian exports to Germany far outweighed the German exports to Manchuria. The Manchurian trade with Germany gradually dropped from 79,716,000 yuan in 1932 to 47,541,000 yuan by 1935 and began to regain the lost ground again since 1936, reaching 63,303,000 yuan in 1936, 76,330,000 yuan in 1937, and 87,700,000 yuan in 1938. Unlike the American trade, however, the bulk of the Manchurian trade with Germany was made up of exports. Thus, the Manchurian exports to Germany, which amounted to 73,946,000 yuan in 1932, dropped to 32,799,000 yuan in 1935 and began to rise again in 1936 with the conclusion of the new trade Agreement, rising to 50,278,000 yuan in that year and to 59,052,000 yuan in 1937, and dropping slightly to 50,396,000 yuan in 1938. The Manchurian imports have been increasing during the same period, increasing from 5,770,000 yuan in 1932 to 13,025,000 yuan in 1936 and 17,278,000 yuan in 1937 and jumping to 37,304,000 yuan in 1938.

The Manchurian trade with other Western countries has been almost negligible as the following two tables clearly indicates:

A. MANCHURIAN TRADE ACCORDING TO COUNTRIES, 1936–1938

(Unit: 1,000 Yuan)

	1936			1937			1938		
Countries	Export	Import	Total	Export	Import	Total	Export	Import	Total
Japan	285,903	534,630	820,533	321,511	666,269	987,780	416,825	993,413	1,410,238
China	128,603	47,685	176,288	113,753	39,324	153,077	121,683	70,716	192,399
U.S.A.	16,353	23,735	40,088	18,674	57,523	76,197	11,360	93,070	104,430
Germany ...	50,278	13,025	63,303	59,052	17,278	76,330	50,396	37,304	87,700

Countries	1936 Export	1936 Import	1936 Total	1937 Export	1937 Import	1937 Total	1938 Export	1938 Import	1938 Total
England	27,462	7,419	34,881	9,322	11,128	20,451	5,447	7,376	12,823
Br. India.....	1,691	28,224	29,915	132	45,624	45,756	46	30,603	30,649
Netherlands...	7,072	631	7,703	16,570	1,527	18,097	8,001	799	8,800
Italy	382	1,624	2,007	2,644	1,064	3,708	3,457	2,393	5,850
Others	85,015	34,856	119,871	103,640	47,675	151,315	108,239	39,074	147,313
Total	602,759	691,830	1,294,589	645,298	887,412	1,532,709	725,454	1,274,748	2,000,202

B. PERCENTAGE OF MANCHURIAN TRADE ACCORDING TO COUNTRIES, 1936–1938

Countries	1936 Export	1936 Import	1936 Total	1937 Export	1937 Import	1937 Total	1938 Export	1938 Import	1938 Total
Japan	48.4	77.3	63.4	49.8	75.1	64.4	57.5	77.9	70.6
China	21.3	6.9	13.6	17.6	4.4	10.0	16.8	5.5	9.6
U. S. A.	2.7	3.4	3.1	2.9	6.5	5.0	1.6	7.3	5.2
Germany	8.3	1.9	4.9	9.1	2.0	5.0	6.9	2.9	4.4
England	4.6	1.7	2.7	1.4	1.3	1.3	0.7	0.6	0.6
Br. India	0.3	4.1	2.3	0.0	5.1	2.9	0.0	2.4	1.5
Netherlands	1.2	0.1	0.6	2.6	0.1	1.2	1.1	0.1	0.4
Italy	0.0	0.2	0.2	0.4	0.0	0.2	0.5	0.2	0.3
Others	13.2	4.4	9.2	16.2	5.5	10.0	14.9	3.1	7.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

33 Trade According to Principal Commodities

As already noted, the most significant feature of Manchurian trade since 1933 has been the excess of imports over exports contrary to previous years. This condition still persists. This is due, not so much to the decrease of exports, but rather to a phenomenal increase of imports caused by the expansive field of construction activities and the general rise of purchasing power of the people in general.

In the field of exports, the agricultural products continue to dominate all other products. Although Manchuria is rapidly becoming a bee-hive of industries, it is still primarily an agricultural country and the soya beans and their products, beancakes and bean-oil, have constituted more than half of its total exports for years. During the period under review, this condition has roughly persisted. The exports of soya beans and other beans, beancakes, and bean-oil totaled 214,611,000 yuan in 1935, increasing steadily to 305,827,000 yuan in 1936, 326,297,000 yuan in 1937, and 334,224,000 yuan in 1938. In term of the total value of exports, these figures represented 50.9 per cent in 1935, 50.7 per cent in 1936, 50.6 per cent in 1937, and 46.1 per cent in 1938. Next to soya beans among agricultural products come millet, kaoliang, maize, groundnuts, and seeds. The export of millet has increased from 9,049,000 yuan in 1935 to 18,318,000 yuan in 1936, dropped slightly to 14,197,000 yuan in 1937, and again rose considerably to 20,260,000 yuan in 1938, respectively, 2.1 per cent, 3.0 per cent, 2.2 per cent and 2.8 per cent of the total exports; that of kaoliang has increased from 3,993,000 yuan or 0.9 per cent of total exports in 1935 to 11,726,000 yuan or 1.9 per cent in 1936, 9,843,000 yuan or 1.5 per cent in 1937, and 18,846,000 yuan or 2.6 per cent in 1938; that of maize has increased from 1,470,000 yuan or 0.3 per cent of total exports in 1935 to 6,995,000 yuan or

1.2 per cent in 1936, 8,526,000 yuan or 1.3 per cent in 1937, and 18,328,000 yuan or 2.5 per cent in 1938; that of seeds, including perilla and castor seeds, has risen from 21,335,000 yuan or 5.1 per cent of total exports in 1935 to 22,936,000 yuan or 3.8 per cent in 1936, but dropped to 18,822,000 yuan or 2.9 per cent in 1937 and 17,868,000 yuan or 2.5 per cent in 1938. Next to agricultural products in importance is the coal which is gradually declining as an export item due to the increasing demand within Manchuria. Thus, the export value of coal has decreased from 40 million yuan or 9.6 per cent of total exports in 1935 to 35 million yuan or 5.8 per cent in 1936, 36 million yuan or 5.5 per cent in 1937, and 28 million yuan or 3.9 per cent in 1938. The export of sulphate of ammonium has increased from 6 million yuan in 1935 to 17 million yuan in 1938.

Among the commodities imported during the period under review, by far the largest group has been still the construction material. Thus, the imports of iron and steel, machinery and tools, vehicles and vessels, electrical equipments and appliances, timber, and cement have first slightly dropped from 157,759,000 yuan or 26.1 per cent of total imports in 1935 to 151,897,000 yuan or 22.0 per cent in 1936 but again have risen to 224,347,000 yuan or 25.3 per cent in 1937 and 410,609,000 yuan or 32.2 per cent in 1938. Next in importance came the cotton piece goods which have increased from 60,340,000 yuan or 9.9 per cent in 1935 to 87,501,000 yuan or 12.6 per cent in 1936 and 104,645,000 yuan or 11.8 per cent in 1937, dropping slightly to 88,225,000 yuan or 4.4 per cent in 1938. On the other hand, the import of raw cotton has increased steadily from 9 million yuan in 1935 to 18 million yuan in 1936, 32 million yuan in 1937, and 43 million yuan in 1938. The increase in the importation of silk and woolen goods has been also noticeable, altogether showing the rising purchasing power of the populace in general. The imports of gunny bags, sugar, and paper are steadily on the increase also. A marked decrease in the importation of wheat flour has been strikingly noticeable, decreasing from 53,989,000 yuan in 1935 to 27,116,000 yuan in 1936 and 13,828,000 yuan in 1937 but again rising to 47,089,000 yuan in 1938. This eloquently indicates an increasingly important place which the flour industry is beginning to occupy in Manchuria. On the whole, the import figures continue to show the tremendous amount of construction activities which are in progress under the Five-Year Industrial Plan and also the increase of the purchasing power of the Manchurians in general brought about by the thorough reform of the former chaotic currency system and the initiation of good administration under the new regime.

The following tables show the principal imports and exports comparatively for four years between 1935 and 1938 (For previous years, see Fifth Report, Section 43).

A. PRINCIPAL COMMODITIES OF EXPORTS, 1935–1938

(In Yuan)

Commodities	1935	1936	1937	1938
Soya Beans.....	126,329,191	210,250,528	222,932,539	234,263,340
Other Beans	16,779,794	21,062,456	15,685,474	15,286,626
Bean Cakes.....	51,370,086	53,126,934	62,335,743	70,575,007
Bean Oil	20,132,208	21,382,719	25,342,855	14,099,414
Kaoliang	3,993,135	11,726,465	9,843,121	18,845,746
Millet	9,049,721	18,318,478	14,196,991	20,260,226

Commodities	1935	1936	1937	1938
Maiz	1,470,218	6,995,450	8,525,859	18,328,485
Groundnuts	15,140,649	16,109,760	16,369,566	12,115,314
Seeds	21,334,690	22,936,292	18,821,683	17,867,980
Coal	40,473,980	35,181,459	35,610,491	28,198,127
Ammonium Sulphate	6,051,084	11,423,631	9,675,958	16,571,204

B. PRINCIPAL COMMODITIES OF IMPORTS, 1935–1938

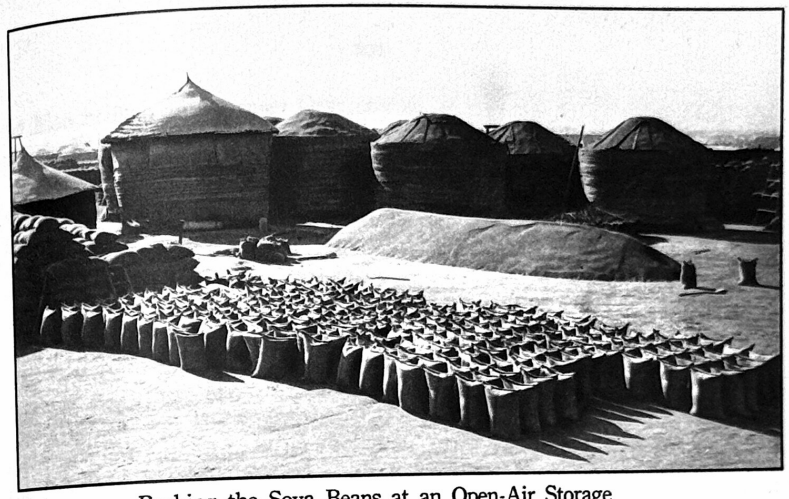
(In Yuan)

Commodities	1935	1936	1937	1938
Cotton Goods	60,339,907	87,500,927	104,644,996	88,224,678
Raw Cotton	9,406,593	18,601,313	32,202,253	42,663,883
Silk and Rayon Goods	29,554,139	53,961,556	36,460,702	61,344,988
Woolen Goods	18,910,766	24,720,584	35,900,864	23,345,191
Iron & Steel	51,539,998	39,506,313	71,428,998	122,074,161
Vehicles, Vessels	38,471,304	38,669,550	44,724,290	81,733,603
Machinery, Tools	33,510,014	38,917,649	65,900,611	121,500,810
Electrical Equipments	18,778,326	21,682,543	34,014,327	39,767,207
Gunny Bags	14,640,550	14,024,752	19,273,736	20,909,887
Sugar	13,642,512	30,917,586	22,426,980	35,778,943
Paper	12,959,295	16,792,962	25,055,858	37,230,076
Wheat Flour	53,988,584	27,115,884	13,827,593	47,088,571
Timber	13,509,063	10,564,704	13,127,193	26,347,896

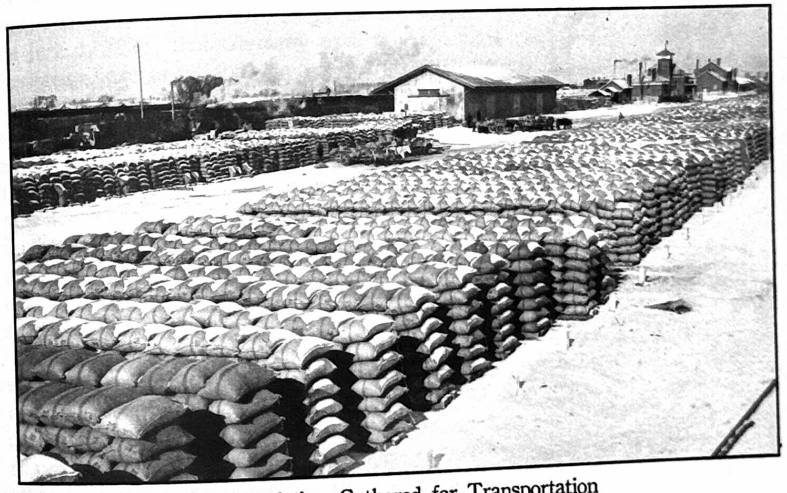
34 Manchoukuo-German Trade Agreement

The first Manchoukuo-German Trade Agreement was concluded and signed at Tokyo on April 30, 1936 (For details, see Fifth Report, Section 44). Under this Agreement, Germany undertook to buy from Manchoukuo 100,00,000 yuan worth of goods annually in return for the importation by Manchoukuo of German commodities to the amount of 25,000,000 yuan annually. The Agreement was to last one year but, owing to the satisfactory result of the arrangement, the second Agreement was signed at Berlin on May 21, 1937, under which the original Agreement was extended until May 31, 1938 (For the text, see Appendix III, No. 6 : 1).

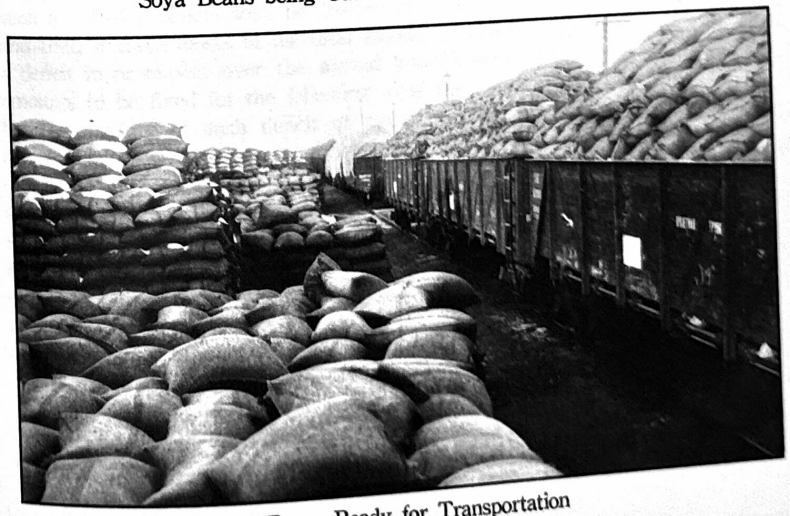
In order to facilitate the trade relations between the two countries under the above-named Agreement, the first credit agreement was arranged between the Otto Wolff concern and the Central Bank of Manchou on September 4, 1937, going into effect on November 15 when official notes thereon were exchanged between the representatives of the two countries at Hsinking. Under this Credit Agreement, the Otto Wolff concern agreed to accept orders for German goods from various companies in the Kwantung Leased Territory and Manchoukuo to the limit of 2,000,000 pounds sterling on recommendation of the Manchoukuo Government and the Central Bank of Manchou. The credit is to bear interest at 5.5 per cent per annum, to be charged after the delivery of goods. The Central Bank of Manchou is to guarantee the payment for orders by the buyers and orders are to be given by Manchoukuo buyers within 12 months after the enforcement of the Credit Agreement. The buyers are to pay for their orders by sterling draft to the extent of 10 per cent of their purchases, while the remaining 90 per cent shall be settled with the special marks from the account for Manchurian products imported into Germany. Payments are to be made in semi-annual installments during the period of six years ending on June 30, 1943. Both



Packing the Soya Beans at an Open-Air Storage



Soya Beans being Gathered for Transportation



Soya Beans Ready for Transportation

the Manchoukuo and German Governments, in approval of this Agreement, promised to give necessary assistance.

The bonds of economic collaboration between Manchoukuo and Germany were further tightened by the renewal of trade agreement for another two years. The first Manchoukuo-German Trade Agreement, concluded in 1936 and renewed in 1937, was to expire on May 31, 1938, and the negotiations were started early in the summer for its renewal. The representatives of the two countries reached an agreement soon and the new Manchoukuo-German Trade Agreement was signed at Hsinking on September 14, 1938. The new Agreement is retroactive, becoming effective on June 1 when the renewed Agreement expired, and remains in force until May 31, 1940.

The new Agreement (For the full text, see Appendix III, No. 6 : 2) is same as the former Agreement (See Fifth Report, Appendix III, No. 12) in the following respects : that Germany shall import Manchoukuo products up to the amount of 100,000,000 yuan and Manchoukuo, German products up to the amount of 25,000,000 yuan, during the period of one year beginning on June 1, 1938 ; that Germany shall pay the three-fourths of the payment in foreign exchange and the one-fourth in Reichsmarks, the latter to be utilized by Manchoukuo for her purchases ; that, owing to unforeseen circumstance, if it becomes impossible for the German Government to make available foreign exchange to the amount of 75,000,000 yuan, the amount of importation may be reduced to not less than 65,000,000 yuan, the payment of which shall be made as to three-fourths in foreign exchange and one-fourth in Reichsmarks ; and that, in so far as the annual surplus of foreign exchange accruing to the Reichsbank from German trade with Japan during the period of one year exceeds the amount of 63,750,000 yuan, such excess shall be made available for additional German importation from Manchoukuo.

In addition to the continuation of these fundamental principles of the former Agreement, the new Agreement provides for an additional trade to a considerable amount at the 1–1 ratio outside the framework of the former agreement : that both Manchoukuo and Germany shall admit the importation of products of the other " to a fixed amount " during the period of one year other than those mentioned on the exchanged lists of products and that such a list of products shall be determined in April every year (Article V) ; and that, if there exists in the total amount of imports from either country a deficit in or excess over the agreed amount at the end of one year, the amounts to be fixed for the following year shall be increased or decreased by the amount of such deficit or excess, and that, in case the amount of imports shows an excess, either country shall additionally buy products of the other to the amount of 45,000,000 Reichsmarks through a special account (Article XI). These additional provisions are said to have been included as a result of the Five-Year Industrial Plan in force in Manchoukuo, necessitating the importation of additional construction materials and the exportation of additional Manchoukuo products. An additional agreement providing for the operation of the new stipulations concerning the utilization of a special account of 63,750,000 yuan was concluded also on September 14 (For the text, see Appendix III, No. 6 : 3).

The Manchoukuo-German trade relations since the conclusion of the first Agreement in 1936 have shown a steady upward curve as shown by the following figures :

MANCHOUKUO-GERMAN TRADE RELATIONS, 1934–1938

(In 1,000 Yuan)

Classifications	1934	1935	1936	1937	1938
Imports	14,486	14,742	13,025	17,278	37,304
Exports	53,310	32,799	63,302	59,052	50,396
Total	65,568	47,541	76,327	76,330	87,700

35 Trade Agreement with Italy

With the establishment of Italian Consulate General at Mukden in December, 1936, and the Italian recognition of Manchoukuo on November 29, 1937, Manchoukuo and Italy entered into usual diplomatic relations (See above, Section 6). This was soon followed by a definite agreement to further trade relations between the two countries.

As a preliminary to the conclusion of a trade agreement, the Italian Goodwill Mission, headed by Marquis Giacomo Paulucci di Calboli and consisting of 17 others, visited Japan in the spring of 1938. The Mission remained in Tokyo from March 19 to April 2, and paid a visit to Manchoukuo, arriving at Hsinking on April 25. After visiting North Manchuria and North China, the Mission came to Dairen on May 12 and left on its homeward journey through Shanghai on May 14. Before this Goodwill Mission left Manchuria, however, the second party, the Italian Economic Mission, headed by Ambassador Ettore Conti, arrived at Tokyo on May 7. This second party came to the Far East with the specific purpose of furthering economic collaboration between Italy and Japan and Manchoukuo. Thus the Mission began negotiations for a tripartite trade agreement on May 11 and for a treaty of commerce and navigation with Manchoukuo at the Manchoukuo Legation on May 12. While the negotiations proceeded at Tokyo, the Mission also visited Manchoukuo, arriving at Hsinking on June 3, and rounded out the negotiations with the Manchoukuo authorities by June 22, when the party left for Tokyo. The Mission again took up negotiations at Tokyo where a subcommittee of experts had been working on a trade agreement and a treaty of amity and reached a complete agreement by June 28. As a result, the Italo-Manchoukuo-Japanese Trade Agreement and the Italo-Manchoukuo Treaty of Amity and Commerce and Navigation were formally signed on July 5, 1938. The Manchoukuo Government ratified both on August 11, 1938.

Under this Tripartite Trade Agreement, Italy on the one hand and the Japan-Manchoukuo bloc on the other entered into a definite understanding to further the trade relations. Both parties agreed to issue import permits within the scope of the import allotment list prepared with the mutual agreement of officials representing both parties. The trade balance is to be calculated every six months and, when either party makes imports in excess of the fixed amount, that party may suspend imports during the next six months. The products are to bear certificates of origin and the statistics and account papers are to be prepared by the Foreign Exchange Bureau of Italy and the Yokohama Specie Bank. The value of imports and exports are to be calculated on the basis of the F. O. B. price. This Agreement is effective for one year from September 1, 1938, and is to be automatically renewed for another six months if one party does not notify the other of its denunciation (For the text, see Appendix III, No. 11).

Of the total amount of commodities to be exported to Italy from Japan and Manchoukuo under the Agreement, 30,000,000 lire will be exported from Japan and 120,000,000 lire from Manchoukuo. The commodities and their amounts to be exported to Italy from Manchoukuo in term of lire are calculated to be somewhat as follows: oil seeds, 105,000,000; soya bean oil, 7,000,000; perilla oil, 3,000,000; pig's bristles, 3,500,000; wild silk, 5,400,000; and magnesia clinker, 1,500,000. To the above list may be added soya beans eventually as the Italian Economic Mission, after visiting Manchoukuo, expressed the possibility of Italy importing at least 200,000 tons of soya beans annually in the future. In return, Manchoukuo is expected to import from Italy machinery and parts, automobiles, miscellaneous manufactured goods, and salt.

The following table shows the Italo-Manchoukuo trade during the past four years:

MANCHOUKUO'S TRADE WITH ITALY, 1935–1938

(In 1,000 Yuan)

Descriptions	1935	1936	1937	1938
Exports	3,859	382	2,644	3,457
Imports	1,357	1,624	1,064	2,393
Total	5,216	2,006	3,708	5,850

36 Foreign Trade Control Law

During the first five years of her statehood, Manchoukuo has exerted every effort to rationalize and to adjust the country's complicated and multifarious trade relations with foreign nations. Naturally, she has refrained from placing any restrictions upon her foreign trade. This policy, however, had to be altered in 1936. In that year, Japan had invoked a trade protection policy and passed a retaliatory measure against Australia, and Manchoukuo followed the suit for the purpose of cooperating with Japan on the basis of Japan-Manchoukuo economic bloc. Thus was drafted and promulgated the Emergency Trade Control Law on August 15, 1936, going into force on the same day.

The Emergency Trade Control Law thus enacted authorized the Government to levy additional import or export duties equivalent to or less than the value of the goods, reduce or exempt the import or export duties thereon, or prohibit or restrict the importation or exportation thereof when such a procedure is deemed necessary (1) to regulate or protect foreign trade against any discriminatory measure taken by a foreign nation, (2) to safeguard important domestic industries, and (3) to regulate the prices of daily necessities. It further authorized the Government to order the submission of reports on matters relating to the prohibitions or restrictions enforced or to examine books and other documents relevant thereto. The Supplementary Regulations then stipulated the necessity of obtaining the permission of the Minister of Finance and Commerce to import wheat, wheat flour, wool, and rice. The Law inflicted heavy penalties upon the violators of various stipulation (For the text, see Appendix III, No. 2: 1).

Since the adoption of this emergency measure, primarily a retaliatory

measure against Australia, new developments have created new situations. The enforcement of the Five-Year Industrial Plan and the outbreak of the China Incident have revealed that the 1936 measure was too limited to meet the new international situation. Thus, in order to effectively protect and regulate foreign trade, the Government found it necessary (1) to regulate international balance of payments, (2) to improve trade relations with specific countries, and (3) to regulate the demand and supply or the prices, not only of daily necessities, but also of general staple goods. The new Foreign Trade Control Law as drafted to meet just such situations and was promulgated on December 9, 1937, for immediate enforcement (For the text, see Appendix III, No. 2 : 3).

Except for the changed emphasis of its objectives already described, the new Law only amplifies the fundamental principles outlined in the Emergency Law, namely, protection or restriction as well as increase or exemption of duties upon designated goods. One notable difference is the inclusion in the new Law of provisions authorizing the Government to order the organization of associations or to designate importers or exporters for the purpose of controlling imports or exports of commodities in question, or to issue instructions necessary for controlling imports or exports to the associations organized or the importers or exporters designated.

The articles controlled under the new Law have been expanded to include the importation of rice, wheat, wheat flour, tobacco, sugar, and soda-ash, and the exportation of maize and castor seeds. A prohibitive restriction is placed upon the importation of rice except from Japan and Siam. A protective control is to be exercised upon the importation of wheat since wheat is one of the chief agricultural products covered by the Five-Year Industrial Plan. The importation of wheat flour except from Japan is prohibited to protect the domestic flour industry. The importation of soda-ash is prohibited to forestall dumping by any foreign firms, for, with the establishment of the Manchuria Soda Company, Manchoukuo has become self-sufficient so far as soda-ash is concerned. The importation of leaf and manufactured tobacco from Shantung and the United States is to be restricted in order to protect the tobacco industry in Manchoukuo and to improve the international balance of payments. A prohibitive restriction is also placed upon the importation of sugar except from Japan in order to protect the domestic sugar-beat cultivation and sugar industry. On the other hand, the exportation of maize except to Japan and of castor seeds to North America is prohibited. The list of goods controlled is to be revised as new situation arises in the future.

With the revision of the Five-Year Industrial Plan and the creation of new international situation by the prolongation of the China Incident, the Government found it necessary and wise to extend the control to iron and steel. Thus was promulgated the Iron and Steel Materials Control Law on April 1, 1938, for immediate enforcement. The Law empowers the Minister of Industry to designate a corporation to which will be granted the exclusive privilege of controlling the sale, importation, and exportation of iron and steel. It then prohibits all other persons or corporations to purchase iron and steel direct from manufacturers or to import or export them without first obtaining special permission from the Minister of Industry. It also requires all iron and steel manufacturers in the country to submit reports

on the kinds and quantities of iron and steel manufactures which they plan to produce during the year and to obtain the permission of the Minister of Industry therefor. It prescribes heavy penalties for the violations of these stipulations. The Department of Industry explained that, in view of the importance of iron and steel to the industry and national defence, the first aim of the Law is to place the country on a self-sufficiency basis so far as these metals are concerned and that the second aim is to ensure the smoother supply of iron and steel at a lowest possible price. The Government has since designated the Japan-Manchuria Trading Company to control the distribution, importation, exportation, and market price of iron and steel under the stipulations of the Law.

Shortly afterward, in July, 1938, the Foreign Trade Control Law was again expanded. By an emergency Imperial Ordinance, promulgated on July 14 for immediate enforcement, the licencing system was extended to the exportation of 20 items in addition to the already controlled maize and castor seeds as follows: (1) kaoliang; (2) wheat and wheat flour; (3) rice; (4) bristles; (5) horse hair; (6) wool and goat and camel hair; (7) hides and leather; (8) furs; (9) lumber; (10) gunny bags; (11) antimony ore, antimony, antimony sulphide, antimony alloy, and articles made of antimony; (12) molybdenite ore, molybdenite, and ferro-molybdenite; (13) tungsten ore, tungsten, and ferro-tungsten; (14) flourspar; (15) naphthalene; (16) nitric acid; (17) jute, flax, ramie, hemp, kenafe, etc.; (18) waste cotton tissue; (19) waste paper; and (20) motorcars, internal-combustion engines for motorcars, and motorcar chassis. The control of the importation of wheat, wheat flour, rice, sugar, leaf and manufactured tobacco, and soda-ash is also retained. In a statement given out on the same date, the Government explained that kaoliang, wheat, wheat flour, and rice have been included as it has been considered imperative to restrict their export in view of their importance as foodstuffs and in due consideration of the situation with regard to their prices, supply, and consumption; that, in principle, the exportation of bristles and horse hair will be prohibited; that wool, hides, leather, furs, and lumber have been included to meet the domestic demand for these products which is increasing rapidly, but that, among them, the exportation of certain specific kinds may be licenced; and that antimony has been included as Manchoukuo must cooperate with Japan in restricting the supply and consumption of this metal and that, in principle, its exportation to foreign countries other than Japan will be strictly prohibited.

VII CONSTRUCTION ACTIVITIES

37 General Survey of Construction Activities

Construction continues to be the synonym of Manchuria today. Nowhere else in the world is going on such an extensive range of construction and building activities as in Manchuria. Up to and through 1931, the construction activities in Manchuria were nominal. The Manchurian Incident of 1931 and the subsequent emergence of Manchoukuo in 1932, however, changed the whole outlook in this field as well as in all other spheres. In fact, the establishment of Manchoukuo and her steady growth since gave a new lease of life in Manchuria, while the new order of things required, above all else, a tremendous amount of construction and building activities, thus producing a veritable "Manchurian Boom" after 1932.

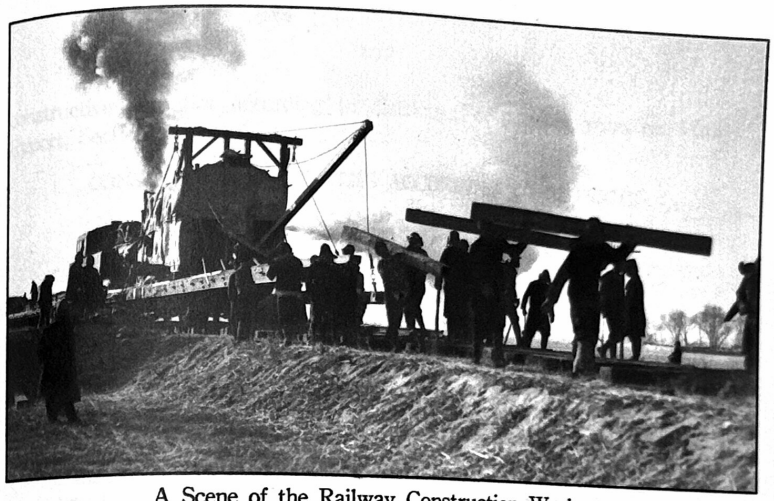
The construction activities in Manchuria reached the peak around 1918 and 1919, with an annual building of something like 20,000,000 yen. They then gradually declined until the amount was reduced in 1931, according to the figures compiled by the Manchuria Building and Engineering Association, to 10,853,000 yen. The volume of activities then steadily grew to 28,867,000 yen in 1932, 104,078,000 yen in 1933, 154,633,000 yen in 1934, and 145,449,000 yen in 1935. This pace was kept up during the period under review, slightly dropping to 135,674,000 yen in 1936 but again rising to 161,982,000 yen in 1937 and 292,829,000 yen or an all-time record in 1938. The 1938 record is closely linked up with the Five-Year Industrial Plan, and also shows the advance in price of building materials and coolie labor, the rise in the building cost as a whole being estimated at 25–30 per cent over the previous year. The following table presents the distribution of figures according to sponsors of such activities during 1936–1938 (For previous years, see Fifth Report, Section 16):

CONSTRUCTION ACTIVITIES, 1936–1938

(In 1,000 Yuan)

Sponsors	1936	1937	1938
South Manchuria Railway	37,706	48,016	86,414
Kwantung Bureau	1,910	1,947	537
Manchoukuo	18,492	24,711	26,889
Others	77,566	87,308	178,989
Total	135,674	161,982	292,826

If these figures are classified according to districts, it is found that Hsinking led the list all through the period under review. This is only natural as the expansion of the city as the capital of the new State has been simply phenomenal (See below, Section 38). The second in the list was Dairen, closely followed by Mukden, the former showing the general expansion and the latter a special emphasis for the construction of the Tiehsi industrial district (See above, Section 24). Most noteworthy has been the remarkable progress witnessed in the construction activities at Mutankiang, the new cross-road in eastern Manchuria. The following table shows the distribution of



A Scene of the Railway Construction Work

Celebrating the Completion of Meiho-Tunghua Line

The Ceremony of Driving the Last Spike on the Ihsien-Hsinlitun Line

constructive activities according to districts (For previous years, see Fifth Report, Section 20):

CONSTRUCTION ACTIVITIES ACCORDING TO DISTRICTS

(In 1,000 Yuan)

Districts	1936	1937	1938
Hsinking	24,840	29,223	38,227
Dairen	18,580	14,605	17,471
Mukden	10,038	21,774	45,600
Mutankiang	10,545	6,116	6,319
Anshan	2,617	4,464	17,673
Fushun	5,594	5,748	9,841
Harbin	6,550	4,296	10,008
Tsitsihar	4,751	2,178	3,039
Kirin	1,110	1,642	2,307
Chinhsien	2,233	1,019	3,306
Antung	1,292	843	966
Others	47,524	70,075	138,072
Total	135,674	161,982	292,829

Such construction boom is expected to continue in Manchuria with the promising progress of the second-stage capital construction program and the revised Five-Year Industrial Plan. The construction plans of the Manchoukuo Government alone for 1939 call for 93,424,000 yuan worth of building projects.

38 Progress in Capital Construction Works

The establishment of Manchoukuo and the expansion of railway and highway transportation facilities have stimulated the growth of cities all over Manchuria. Not only have old cities grown with leaps and bounds, but new cities have sprung up, especially at the railway junctions in North Manchuria, such as Peian, Paichengtzu, and Mutankiang.

Most phenomenal has been the expansion of Hsinking as the new capital of Manchuokuo. A modern city-planning, designed to transform the city into a great metropolis befitting the capital of the new State, has been evolved and the first five-year project of the capital construction program was launched by the Capital Construction Bureau of the Government in March, 1932. The work thus inaugurated has seen its gradual realization on an extensive scale as the years have rolled away and, on September 16, 1937, an impressive ceremony in celebration of the successful completion of the first five-year program at a total expenditure of 38,667,000 yuan was held in the presence of His Majesty the Emperor amid the grandeur of the new Tatung Park. Then, on January 1, 1938, was launched the second three-year project of the capital construction program which is now in progress. The record of achievement during a short span of past six years, not only confirms the stupendous character of the construction work actually unfolded before us, but also reveals a rate of development probably never before equalled elsewhere, even more striking in the speed and extent of project than previously caught the imagination of the world when Australia went to work on the huilding of its new capital at Canberra, Turkey began to build a new seat of government at Angora, or India launched the construction of New Delhi.

Hsinking in 1932 covered an area of 21 square kilometres with a population of 130,000. New Hsinking now under construction extends over an area of 200 square kilometres including the old city and envisages a population of 1,000,000 eventually. It centers around Kaotaitzu, south of the present Hsinking station, and extends north and south in a rectangular form. Of this huge area, one-half is set aside as suburban districts for future development and 100 square kilometres are designated for actual capital construction works. Some 47 square kilometres out of this plot are to be applied for public uses, such as streets, governmental buildings, public institutions, and parks, while the balance is allotted to private uses, such as residential, commercial, industrial, and other miscellaneous projects. The first five-year project inaugurated in 1932 involved about 20 square kilometres of this plotted area, equally divided between public and private projects. It is upon such an expansive plot that the engineers drew up an imposing set of blue prints and colored drawings which is now being unfolded before us as a majestic capital of Manchoukuo, a dream city of East Asia.

During the period under review, the main streets had been laid and the city began to shape up itself. The chief characteristic of the new capital is its wide street, the main boulevards being 26 to 60 metres wide. The secondary thoroughfares and auxiliary streets are proportionately narrower in width. The main boulevards and secondary thoroughfares have a section for motor traffic at the center, with sections for slow vehicles on both sides of it, and wide sidewalks on the outside for pedestrians. These three types of traffics are separated by four rows of trees, while all wires are laid underground. The network of these streets completed up to the end of 1938 covered an area of some 5,605,885 square metres of which over one-fifth are paved. Their total length reached some 312 kilometres, which is roughly equal to the distance between Hsinking and Mukden or a full three-hour run for the speedy "Asia" express.

For a city of the proposed size, water supply is an important item and already Hsinking boasts the best water supply system in the whole of Manchoukuo. This result was achieved during the past seven years through the foresight of the city-planning experts who mapped out an elaborate program of waterworks in 1932. The mainstay of Hsinking water supply is the Chingyuehtan Reservoir which was completed at a total expenditure of 3,500,000 yuan in October, 1935, one year and a half after it was star ed. Covering an area of some 78 square kilometres, one of the largest in East Asia, this mammoth reservoir utilizes the waters of the Hsiao and Tai Rivers, tributaries of the Itung River, and holds some 27,700,000 cubic metres of water, capable of supplying more than 40,000 cubic metres daily or enough to meet the needs of 500,000 people. In addition, some 20 artesian wells, capable of supplying some 11,000 cubic metres of water, had been completed, while the water from the Yinma River will be made available in time of need. At present a daily supply of 15,000 cubic metres is maintained. For this purpose, some 202 kilometres of water mains and pipes had been laid.

Unlike the old towns in Manchuria, much emphasis has been laid in mapping out the sewer system of the new capital. The city is divided into 9 districts according to topographical conditions and the construction work

has been progressing rapidly. Already an area covering some 9,490,000 square metres with sewer pipes totaling 302,031 metres in length had been completed.

In the general planning of the city, Hsinking has paid much attention to the construction of parks. Five beautiful and spacious parks—Tatung, the largest, Paishan, Mutan, Hoshun, and Shuntien—have been already completed and the sixth—Huanglung—is nearing its completion. These parks have all been preserved in their natural state with appropriate artificial touches to preserve the continental atmosphere. These parks are provided with various forms of attractions including playgrounds and flower gardens and the Huanglung Park is to have a huge lake with a circumference of 6 kilometres and an area of 2,046,000 square metres. In the vicinity of parks are projected a national museum, a huge public library, a public auditorium, botanical gardens, and a zoological garden, while the athletic fields, a horse race course, and a golf course have been already completed. The great Nanling Stadium, covering a total area of 1,500,000 square metres, upon its completion will become one of the largest and best equipped stadiums on the Asiatic continent. All told, Hsinking has set aside 7 per cent of its city area for parks, playgrounds, and stadiums as compared with 2 per cent in Berlin, 2.8 per cent in Tokyo, 9 per cent in London, and 14 per cent in Washington.

Scattered all over this large metropolis, now divided up into various sections by boulevards and streets, winding rivers and park belts, are rising buildings of all descriptions, both governmental and private, forming a new silhouette over the central Manchurian plain. Already some 9,000 new buildings with a total expenditure of 75,000,000 yuan had been built within the area of the new capital. The most magnificent among the scores of new buildings already completed is the State Council building, the dynamic center of Manchoukuo's administration, and the most majestic is the Manchou Central Bank building, the financial headquarter of the nation. In the near future, there will rise in the center of the city the new Imperial Palace, while the new South Hsinking Station will eventually become the Central Station of Greater Hsinking. It is noticeable that, in many of the government buildings, the designers have successfully linked the characteristics of the two styles of architecture, combining the utilitarian aspects of occidental formula with the beauty of native lines.

Hsinking, moreover, will reflect the rising temper of the country also with its own industrial district. Taking all factors into consideration, Hsinking is not intended for an industrial city but its city-planning set aside an appropriate area in its northern section as an industrial district, eventually to become a light industrial center. The new political capital of the nation will accommodate necessary light industries but will be relieved of soot and noise disturbances.

To stage such a construction show, the Capital Construction Bureau set out to buy the proposed land and began to sell at a slight profit whatever land which was left after appropriating the land needed for governmental and public construction works. By the end of the first five-year period; on December 31, 1937, the Bureau had bought up some 94 square kilometres of land for about 8,954,000 yuan and sold off more than 14,375,000 square metres, chalking up a total sales revenue of some 16,861,000 yuan which were used for construction activities. This work is still in progress.

Such is the sweeping survey of Hsinking-in-the-building. Leaving the successful completion of the first five-year plan in its wake, Hsinking went to work immediately on the second phase of its construction plan or the new Three-Year Plan on January 1, 1938, involving a total estimated expenditure of some 6,133,000 yuan. The Capital Construction Bureau was then abolished and the Hsinking Special Municipality took charge of the gigantic program. The work is now in progress with an added vigor. As each plank is laid and each block is placed, the magnificent city of Hsinking will rise still higher and, together with the rising civilization and progress of the new State, will proclaim to the world that a great new Capital has risen from the once desolate plains of Manchuria. Already a Manchurian Rip Van Winkle, returning to Hsinking after sleeping in the Manchurian hills during the past 10 short years, will not be able to recognize the magnificent metropolis which arose "over-night" during his absence.

The following figures show the amounts of construction activities in and vicinity of Hsinking, both governmental and private, ever since the capital construction work was undertaken in 1932:

CONSTRUCTION ACTIVITIES AT HSINKING, 1932–1938

(In 1,000 Yuan)

Years	1932	1933	1934	1935	1936	1937	1938
Amounts	6,797	16,210	33,265	40,688	27,885	29,223	38,227

39 Railway Construction

The Manchoukuo Government has early realized the importance of railways in the further development of national resources and in connection with national defence, and has decided to build new railway lines on the basis of a carefully studied and rational program. The "General Outline of the Economic Construction Program of Manchoukuo," proclaimed on March 1, 1933, envisaged the country with 25,000 kilometres of railways in the future and announced the proposed building of 4,000 kilometres of new lines within the next ten years, making a total of 10,000 kilometres by adding the existing lines. The Manchoukuo Government then entrusted the task of building new lines to the South Manchuria Railway Company and the latter had concluded four succeeding contracts to construct various proposed lines. The work of completing such an ambitious program of railway construction was launched even earlier, in the summer of 1932, and some 2,165 kilometres of new lines had been completed and turned over for official operation during 1932–1935, while several lines were either completed or still under construction at the end of the same period (For details, see Fifth Report, Section 17).

During the period under review, 1936–1938, the uncompleted lines of the third stage construction program embracing mostly the fourth contract were completed. Among these lines, as noted in the table below, are the portions of such important lines as the Chinhsien-Chengte, Mutankiang-Chiamussu, and Paichengtzu-Halunerhshan lines. Then the Construction Bureau of the South Manchuria Railway Company took up the fourth-stage and fifth-stage construction programs. The fourth-stage projects involved five new lines with a combined total length of some 1,050 kilometres including the Suihua-Chiamussu line through Tiehli while the fifth-stage projects embraced six new lines with a combined total length of 630 kilometres including the Chengte-Kupeikou and Mingshan-Niuhsintai lines. The construction works in line with these plans progressed steadily and some 1,665 kilometres of new lines had been completed and added to the growing list of the Manchoukuo State Railways. Some of them had been actually completed in 1935 and were being operated provisionally before they were turned over for official operation in 1936. The following table gives the progress of these enormous construction activities during 1936–1938, year by year:

NEW RAILWAY LINES COMPLETED, 1936–1938

1936

Lines	Length in Kms.	Turned Over to State Railways	Officially Opened to Traffic
Pingchuan-Chengte	97.4	June 15, 1936	June 16, 1936
Mutankiang-Linkou	110.0	June 30, 1936	July 1, 1936
Linkou-Mishan	170.9	June 30, 1936	July 1, 1936
Solun-South Hsingan	130.8	June 30, 1936	July 1, 1936
Ssupingkai-Hsian	82.5	Aug. 31, 1936	Sept. 1, 1936
Total for 1936	591.6		

1937

Lines	Length in Kms.	Turned Over to State Railways	Officially Opened to Traffic
Linkou-Chiamussu	221.5	June 30, 1937	July 1, 1937
Noho-Nonkiang	93.5	June 30, 1937	July 1, 1937
Taipingchuan-Lupei	192.3	June 30, 1937	—
South Hsingan-Halunarshan	15.4	Sept. 30, 1937	Oct. 1, 1937
Ihsien-Fuhsin	78.1	Sept. 30, 1937	Oct. 1, 1937
Fuhsin-Shinlitun	53.4	Sept. 30, 1937	Oct. 1, 1937
Meiho-Tunghua	130.2	Oct. 31, 1937	Nov. 1, 1937
Mishan-Hulin	160.9	Nov. 30, 1937	Nov. 1, 1937
Total for 1937	945.3		

1938

Lines	Length in Kms.	Turned Over to State Railways	Officially Opened to Traffic
Lungtanshan-Tafengman	22.4	Sept. 30, 1938	Oct. 1, 1938
Chengte-Kupeikou	106.3	Oct. 31, 1938	Nov. 1, 1938
Total for 1938	128.7		

UNDER PROVISIONAL OPERATION IN FEBRUARY, 1939

Lines	Length in Kms.
Tunghua-Huangpai	82.1
Wangching-Peihuangling	82.4
Suihua-Shenshu	135.8
Minghsan-Niuhsintai	13.3
Total under Provisional Operation	313.6

With these new lines added, the total length of new railways which had been constructed after the establishment of Manchoukuo reached 3,642.4 kilometres. This made the total length of the Manchoukuo State Railways 8,374.3 kilometres and the total length of all railway lines in Manchoukuo 10,148.4 kilometres, with the addition of 1,129.1 kilometres of the South Manchuria Railways, 102.1 kilometres of the Chin-Fu Railway, and 229.3 kilometres of private railways, at the end of March, 1939. In addition,

313.6 kilometres of the Manchoukuo State Railways were under provisional operation and the road beds of further additional 192.3 kilometres had been laid. Thus, within the scheduled ten years, Manchuria is combed by a net work of over 10,000 kilometres of railway lines. And the railway construction work still continues.

40 Construction of Harbors

It has been noted in the Fifth Report that the expanding radius of Manchoukuo State Railways necessitated outlets to sea in addition to the existing ports of Dairen, Yingkou, Antung, and Port Arthur, and that the construction of Rashin and Hulutao harbors had been started by the Construction Bureau of the South Manchuria Railway Company (See Fifth Report, Section 19). These construction activities have been progrossing according to schedule during the period under review. In addition, plans were made for the construction of a new non-freezing port of Hsiaoshihkou and the expansion of existing ports, especially the port of Dairen.

1. *Port of Rashin.* A gigantic project of constructing a modern port on an erstwhile quiet fishing village at Rashin had been undertaken in 1932, and the work had been started actually in 1933. The project involves the completion by 1947 of most modern facilities for the handling of some 9,000,000 tons of cargo annually. One-third of this project, including all foundation works, was to be completed in five years by the spring of 1938, at an estimated cost of 11,206,000 yen, the next one-third by the spring of 1942 at 11,139,000 yen, and the last one-third by 1948 at 11,487,000 yen. The first leg of this three-fold enterprise was started in April, 1933, and successfully completed on schedule, by the end of March, 1938, and the second leg was started immediately, at the same time giving finishing touches to the already completed portions of the project. In addition, a new project of constructing equipments across the Bay for the handling of local and coastwise trade had been started in 1938. Thus, at the end of 1938, two beautiful piers and one-half of the third pier, capable of handling 3,000,000-ton cargo annually, had seen their completion with necessary railway connections and other facilities and the port of Rashin had grown almost overnight to a city embracing 24,500 people. The accompanying table shows the rapid increase of trade at Rashin which naturally followed the progress of the harbor construction activities.

TRADE AT RASHIN, 1937–1938

(Unit: 1,000 Yen)

Years	Exports	Imports	Total
1937	28,683	11,766	40,449
1938	28,683	21,590	100,273

2. *Port of Hulutao.* In 1935, the South Manchuria Railway Company, through the request of the Manchoukuo Government, had launched a five-year harbor construction program at Hulutao. The development of Hulutao was undertaken for the purpose of providing facilities for handling an increasing movement of goods to and from the Liaosi regions or the south-western part of Manchoukuo. The project involved the construction of two main piers together with various appurtenant equipments at a total estimated

cost of some 20,000,000 yen with a view to increasing the cargo handling capacity of the port to 3,500,000 tons a year when the project is completed in the spring of 1941. The work was actually started in April, 1936, and the project has been progressing on schedule since. Thus, by the end of 1938, one pier had been completed and the foundations were laid for the second, trebling the cargo handling capacity from 65,000 tons in 1937 to 200,000 tons. However, in consideration of the increasing importance of Hulutao in connection with the Five-Year Industrial Plan and the looming closer relationship with North China since the beginning of the China Incident, the original project had been revised in 1938 to expand and to increase the capacity of the port to 4,000,000 tons a year. Under this revised project, requiring an additional estimated expenditure of 10,000,000 yen, both Piers 2 and 3 will be opened for use in 1939, while Pier 4 will also be completed during the same year, raising the capacity to 1,000,000 tons. The entire project is scheduled for completion by the spring of 1940.

3. *Five-Year Harbor Expansion Program.* The initiation of the Five-Year Industrial Plan and the subsequent explosion and continuation of the China Incident have decidedly increased the movement of goods to and from Manchuria. Even the port of Dairen, with its capacity to handle 10,000,000 tons of cargo annually, became too limited to face the changed situation. Thus was drawn up in 1938 a Five-Year Harbor Expansion Program. At Dairen, among other things, it proposes to complete the Pier 4 which was started back in 1923 but which had been discontinued since and to construct two new piers at Jijiko, raising the eventual capacity to 12,000,000 tons; at Kanseishi, across the bay from Dairen, it proposes to construct a special pier for handling of iron and steel products; and at Yingkou, among other things, it proposes to add a new wooden pier and a warehouse. These various projects and appurtenant equipments were started in 1939 at an estimated expenditure of some 130,000,000 yen. The construction of the Pier 4 at Dairen was resumed even earlier, in 1938, and is scheduled to be completed in 1939, while the two new piers at Jijiko will be started in 1939. The new Kanseishi pier will be started also in 1939 and completed in the spring of 1942.

4. *Port of Shiaoshihkou.* Among Manchoukuo's harbor expansion program, a part of which has been already outlined above, the most interesting is the proposal to construct a non-freezing port at Shiaoshihkou, some 20 miles south-west of Antung. Another five-year program of construction is drawn up for this purpose and the work will be started in 1939 with an initial estimated expenditure of some 7,000,000 yen for the first year. When completed, the new port of Shiaoshihkou will have facilities to handle 2,000,000 tons of cargo a year. Side by side with the construction of the port, an equally far-reaching project for the construction of an extensive industrial district will also be launched. It may be added also that the Government General of Chosen is constructing a similar port at Tashi Island near by, which will have a cargo handling capacity of 1,000,000 tons a year.

41 Extension of Highways

Since the announcement by the Manchoukuo Government in 1932 of its program to construct some 60,000 kilometres of national highways in ten

years (See Fifth Report, Section 18), various circumstances necessitated its slight modifications. It assumed the form of the First and Second Five-Year Highway Construction Projects. The First Five-Year Project covered the years 1932–1936 and involved the construction of 9,809 kilometers of national highways and 20 special bridges at an estimated expenditure of 30,785,000 yuan, while the Second Five-Year Project, extending over 1937–1941, proposed the construction of 13,268 kilometres of national highways and 37 special bridges at an estimated expenditure of 62,000,000 yuan. For the realization of the First Five-Year Project, the Government has established the State Highway Bureau and the Highway Construction Offices at Hsinking, Mukden, Harbin, and Tsitsihar. With the launching of the Second Five-Year Project, the Highway Construction Offices were shifted to Tsitsihar, Tumen, and Mutankiang.

The work thus started progressed normally. During the period allotted to the First Five-Year Project, 8,992 kilometres of modern highways and 20 special bridges had been completed, while during the first two years of the Second Five-Year Project, 4,613 kilometres of national highways and 24 special bridges had been successfully completed. The following table shows the growing length of national highways according to years:

HIGHWAY CONSTRUCTION PROJECTS, 1932–1938

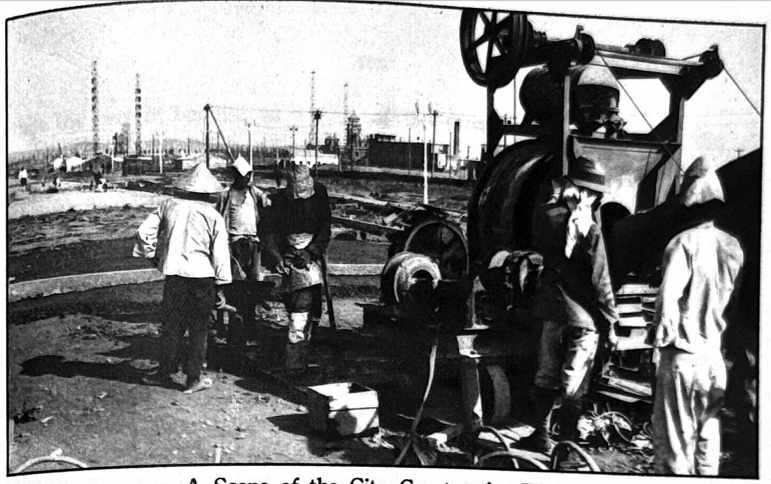
Years	Highways (In Kilometres)	Expenditures (In Yuan)
1932	707.7	872,099
1933	3,000.9	6,931,466
1934	2,632.3	12,876,452
1935	580.4	5,699,127
1936	2,071.0	10,915,945
1937	2,168.6	7,092,430
1938	2,444.5	6,249,247
Total	13,605.4	50,636,766

With the launching of the First Five-Year Highway Construction Project, the Government early realized the necessity and importance of improving the local highways also. After a careful investigation of the existing local highways and roads, the Government, in cooperation with Provincial Governments, undertook to construct or reconstruct local highways and roads for the purpose of facilitating the transportation system throughout the country. This project had been started in 1933 and had progressed with an amazing rapidity. The following table shows the record of accomplishments in this field during 1933–1937:

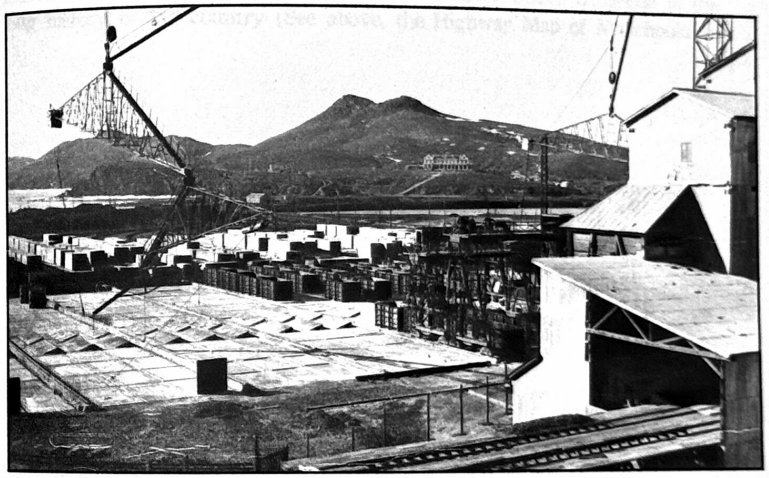
CONSTRUCTION OF LOCAL HIGHWAYS AND BRIDGES, 1933–1937

Years	Local Highways (In Kilometres)	Bridges (In Metres)	Expenditures (In Yuan)
1933	5,218.5	480	132,100
1934	2,138.1	1,595	829,880
1935	1,468.7	2,122	585,281
1936	1,485.7	3,266	1,052,900
1937	989.8	5,700	905,950
Total	11,300.8	13,163	3,516,111

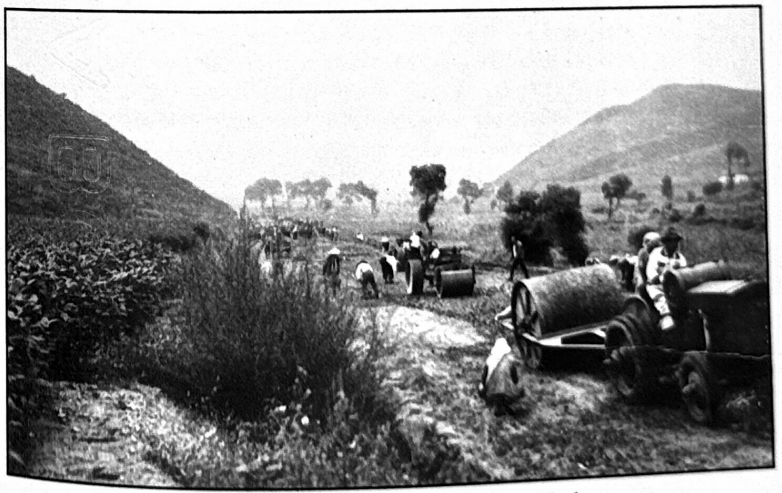
In addition to these local highways, the Government also undertook in 1934 to construct or reconstruct highways in the Tungpientao region, erst-



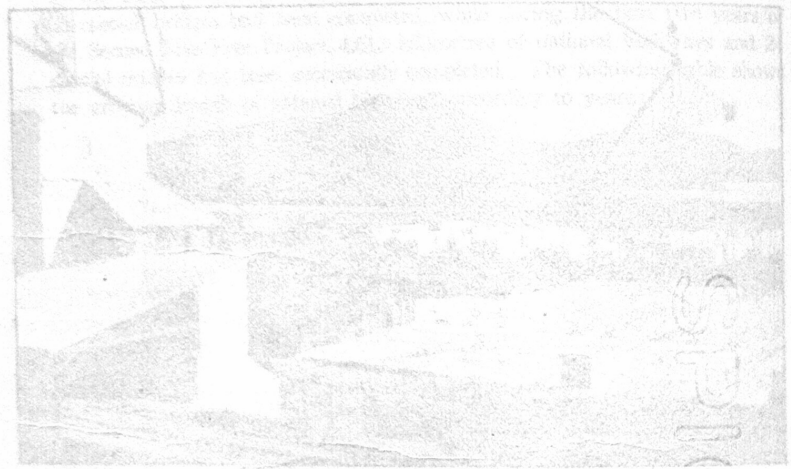
A Scene of the City Construction Work

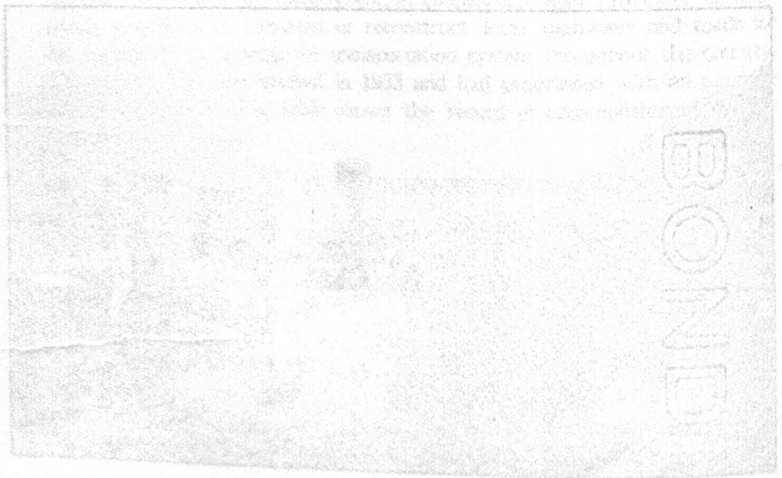


The Hulutao Harbor Construction Work



A Scene of the Highway Construction Work





while the nest of bandits, as a part of the program of rehabilitating the poverty-striken farming population of the 16 Hsien in this region. As a result, during the three years between 1934 and 1936, some 3,733 kilometres of local highways had been either constructed or reconstructed at a total expenditure of 476,485 yuan.

Another noteworthy project is the construction of highways to facilitale the work of Japanese and Chosenese immigrants in Manchuria. This work was started by the Government in 1937 with the inauguration of the Five-Year Immigration Highway Project. Under this plan, some 1,290 kilometres of local highways had been constructed during 1937–1938 at a total expenditure of 1,172,3000 yuan.

And thus, Manchoukuo is witnessing a spreading network of modern highways, both national and local, reaching the farthermost parts of the country and supplementing the expanding radius of railway lines. It is indeed a new deal in transportation facilities never before witnessed in the long history of the country (See above, the Highway Map of Manchoukuo).

VIII IMMIGRATION AND SETTLEMENTS

42 Japanese Immigration into Manchuria

The Russo-Japanese War gave Japan her first foothold on continental Asia, and many a Japanese statesman dreamed of Manchuria as a god-given land for Japanese immigration. Count Kodama, Count Goto who became the first President of the South Manchuria Railway Company, and Foreign Minister Komura were the leading spokesmen of Japanese mass immigration into Manchuria. Twenty-five years later, in 1931, only 240,000 Japanese found their way into Manchuria, while only a few hundred farmers settled in the Kwantung Leased Territory and the S. M. R. Zone.

During those twenty-five years, three major attempts were made to foster Japanese immigration into Manchuria. The first attempt was made during 1914–1918 for the subsidized settlement of the S. M. R. Zone with ex-service men. In all 34 families were settled under this plan but only 17 farmers remain tilling the soil today. The second was the creation and settlement of the Aikawa Village near Chinchou under the auspices of the Kwantung Government. 19 families in 1915 and 13 families in 1916 were settled there but only 7 families remain today. The last organized attempt was made by the Dairen Agricultural Company, a subsidiary of the South Manchuria Railway Company, to settle 500 families within the Kwantung Leased Territory. Only 70 families were settled accordingly since 1929. The chief difficulty in this connection has been the refusal of the Chinese authorities to grant to Japanese subjects the treaty right of owing and leasing land in Manchuria.

(1) *Experimental Mass Immigration*

The Sino-Japanese controversy of 1931–1933, which spelled the downfall of the former Northeastern regime and caused the emergence of Manchoukuo, changed this dismal outlook completely. By 1933, the new State had removed all restrictive measures hitherto placed upon Japanese immigration into Manchuria, especially those relating to the rights of acquiring and owning farm lands and of engaging in farming. And thus, vast areas in Manchuria were opened up for free Japanese immigration and farming.

Even before this, in 1932, the Department of Colonial Affairs at Tokyo foresaw the situation and evolved a program of settling 100,000 farming households in Manchuria within ten years. The program thus evolved contained five major points: (1) to make family the basic unit, due chiefly to the advisability of fostering settlements on a self-sufficient and economically independent basis, and to allot farm lands according to the needs and ability of each household; (2) to train prospective immigrants in Japan prior to their departure for Manchuria or to prepare them fully in Manchuria after migration prior to their final settlement; (3) to render necessary financial assistance to the emigrating farmers; (4) to select able and promising young men from rural districts; and (5) to encourage emigration of 100,000 households during the first ten-year period. After a careful study, the Government decided to encourage such a plan, however in a smaller scale.

The Japanese immigration into Manchuria thus spurred on was to assume the form of self-protective settlements, directed and subsidized by the Government. Each immigrant farmer was to be subsidized 1,060 yen: training, 20 yen; travelling, 200 yen; domestic animals, 75 yen; farming implements, 150 yen; housing, 250 yen; clothing, 30 yen; living expenses, 85 yen; farm houses, 100 yen; and cultivation aid, 150 yen. In addition the Government assumed the responsibility of providing the immigrants with various necessary common equipment and facilities, such as hospitals, barracks, baths, wells, defense walls, shops, factories, and schools, making a total individual subsidy more than 1,000 yen. The Government was to furnish also farming experts, police and defense directors, physicians, and veterinarians. At first everything was to be carried on on the basis of common management and later each settler was to receive about 15 to 25 *cho* of land. As a necessary part of this plan, a tract of land totaling almost 1,000,000 *cho* in Sankiang and Pinkiang Provinces in Eastern Manchuria were purchased from the local owners in August, 1933, and February, 1934.

The program of a mass-immigration thus projected saw its realization during 1933–1937. Five waves of immigrant farmers left Japan and settled Manchuria between the autumn of 1932 and the spring of 1937. The first wave of 414 farmers, with later addition of 79 in Manchuria, making a total of 493, was settled at Yungfengchen, now Iyasaka Village, near Chiamussu, between October, 1932, and April, 1933. The second wave of 494 farmers was settled at Hunanying, now Chifuri Village, south of Yungfengchen, in July, 1933. The third wave of 298 farmers was settled at Peitakou, now Mizuho Village, north of Harbin, in October, 1934. The fourth wave of 500 farmers was settled in two divisions, 310 at Chengtzuho and 190 at Hataho, both south of Mishan in Eastern Manchuria, respectively in March and April, 1936. The fifth and the last wave of 1,000 farmers was settled in four divisions at Yungantun, Chaoyangtun, Heitai, and Heitai-Shinano between February and March, 1937. In all, then, 2,785 farmers representing as many households participated as pioneers in Japan's new "covered-wagon" movement into Manchuria.

The experiences of these pioneers were, to say the least, trying and exacting, at times too trying and exacting as to dismay the weak-hearted. But the majority withstood the test and have demonstrated the beaming prospect of their enterprises. They have expanded the radius of cultivation by reaps and bounds: the First Settlement, from 429 hectares in 1933 to 2,017 hectares in 1938; the Second Settlement, 132 hectares in 1934 to 1,915 hectares in 1938; the Third Settlement, from 331 hectares in 1935 to 2,013 hectares in 1938; the Fourth Settlements, from 481 hectares in 1936 to 2,595 hectares in 1938; and the Fifth Settlements from 1,349 hectares in 1937 to 3,681 hectares in 1938 (See the table below). Many of them have already called their wives and have begun to build their permanent homes. They have made the beginning in live-stock raising also and the number of animals owned by the five settlements in August, 1938, reached 3,000 horses, 935 cattle, 4,665 sheep, 3,400 hogs, and 60 others, besides 5,480 chickens, 600 other fowls, and 235 bee cages. They have fostered

various domestic industries to make the settlements self-supporting. Among such industries, the more important ones are the flour milling, rice refining, bean-oil extraction, *miso* and *shoyu* making, charcoal making, meat smoking and preserving, brewing, tobacco drying, and home spinning. They have organized cooperative associations, one in each settlement, with special departments on trust, purchases, sales, utilization (rice refining, flour milling, and bean-oil extration), farm products (including brewing), contract (including house building and furniture making), barrel making, lumber, blacksmith, and industry (export, transportation, hotel-housing) to help erect the village life on the basis of a sound cooperative economy. Schools, hospitals, cooperative stores, warehouses, amusement centers, and shrines, even agricultural experimental farms, have been established for the benefit of all concerned.

A statistical summary of these five pioneer settlements in Manchuria as of April 30, 1938, according to the Manchuria Colonial Development Company is as follows:

FIRST FIVE SETTLEMENTS IN MANCHURIA

(As of April 30, 1938)

Settlements	Places	Year of Settlement	Original Party	Present Population					Cultivated Areas (Hectares)	
				Settlers	Wives	Births	Others	Total	Total	Per Household
I	Iyasaka	October, 1932	493	291	291	331	218	1,131	2,017	6.9
II	Chifuri	July, 1933	494	327	294	261	306	1,188	1,915	5.8
III	Mizuho	October, 1934	298	202	179	110	122	614	2,013	9.9
IV	Chengtzuho	March, 1936	310	255	177	50	53	535	1,547	6.0
„	Hataho	„	190	172	155	41	79	447	1,048	6.0
V	Yungantun	March, 1937	250	282	155	4	179	620	764	2.7
„	Chaoyantun	„	250	266	173	2	147	588	1,122	4.2
„	Heitai	„	250	201	161	8	127	497	820	4.0
„	Heitai-Shinano	„	250	290	122	6	54	472	975	3.3

The comparative growth of cultivated areas from the year of settlement to date, as shown below, is also extremely instructive:

GROWTH IN CULTIVATED AREAS

(In Hectares)

Settlements	1933	1934	1935	1936	1937	1938
First Settlement	429	326	627	1,070	1,405	2,017
Second Settlement	—	132	506	1,070	1,679	1,915
Third Settlement	—	—	356	750	1,557	2,013
Fourth Settlement	—	—	—	504	1,155	2,595
Fifth Settlement	—	—	—	—	1,360	3,681

(2) *Twenty-Year Plan of Mass Immigration*

Even long before the fifth wave of the experimental masss immigration found its way into Manchuria, the most prospective outlook shown by the First and Second Settlements have led to the calling of a colonization conference at Hsinking late in November, 1934. It was attended by more than fifty experts, involving practically all governmental agencies, both Japanese and Manchoukuo, and other organizations and individuals interested in the immigration question. As a result of general reviews and constructive

deliberations, not only an encouraging possibility of the settlement of Japanese farmers in North Manchuria was revealed, but a new start was made in handling the immigration question with added seriousness. The new impetus thus given led to the creation in 1935 of a Colonial Affairs Administration Section in the People's Welfare Department of the Manchoukuo Government for the purpose of assisting Japanese immigration into Manchuria. At Tokyo, the Manchuria Colonization Society was organized in November, 1935, for the purpose of arousing popular interest through publicity, assisting and training prospective emigrants, and acting as an inquiry office as well as an advisory body. Then followed the establishment of the Manchuria Colonial Development Company in December 1935.

The Manchuria Colonial Development Company (Manshu Takushoku Kabushiki Kaisha) was established at Hsinking with an authorized capital of 15,000,000 yen as a special Japan-Manchoukuo corporation. It was created for the purpose of assiting settlers through acquisition of land suitable for settlement, supervision and distribution of such land, and provision of financial aids and other necessary equipments and facilities for settlers. One-third of the capital was provided by the Manchoukuo Government, one-third by the South Manchuria Railway Company, and one-third by the general public in Japan. The actual establishment of the Company took place late in December, 1935, with a paid-up capital of 9,000,000 yen and started its activities in January, 1936. The Company succeeded to a tract of land, about 1,000,000 *cho*, originally acquired by the East Asia Land Development Company (Toa Kangyo Kabushiki Kaisha), and in April, 1936, drew up a plan for settling 20,000 Japanese farming households in ten years, beginning with 1,500 households during 1936. Each household was to have 20 *cho* of land and necessary assistance in the settlement. For this purpose, the Department of Colonial Affairs in Tokyo placed at the disposal of the Company a special fund of 1,135,000 yen. It was under this plan and through the general supervision of the Manchuria Colonial Development Company that the Fourth and Fifth Settlements already described above were actually realized during 1936 and 1937.

In the meanwhile appeared a still larger plan for settling 1,000,000 Japanese farming households involving 5,000,000 farmers in twenty years. After careful studies and deliberations, this plan was adopted by the Tokyo Government as a national project in August, 1936. This program divides the settlers into two general classes: (1) those receiving direct governmental aid and protection, and (2) those receiving aid from private organizations or relying upon their own resources. Each household in the former subsidized-immigrant group was to receive approximately 1,000 yen to cover travelling expenses, housing allowance, purchase of farming implements, leasing of land, and other necessary expences, while the latter free-immigrant group was to receive about 300 yen to cover travelling expenses and acquiring farm lands. For the sake of convenience, the twenty-year period is divided into four five-year stages and the number of immigration was allotted as follows: 100,000 households during the first stage, 200,000 households during the second stage, 300,000 households during the third stage, and 400,000 households during the fourth stage. Further distribution of 100,000 immigrant households settling during the first stage was mapped out as follows:

Year	Subsidized Immigrants	Free Immigrants	Total
1937	5,000	1,000	6,000
1938	10,000	5,000	15,000
1939	15,000	6,000	21,000
1940	20,000	8,000	28,000
1941	20,000	10,000	30,000
Total	70,000	30,000	100,000

The 70,000 farming households which were to migrate into Manchuria during 1937–1941 were to be selected from among sturdy farmers all over Japan: 26.14 per cent from six Prefectures in the Tohoku (Northern) region, 11.68 per cent from seven Prefectures in the Kanto (Eastern) region, 22.45 per cent from nine Prefectures in the Chubu (Central) region, 8.28 per cent from seven Prefectures in the Kinki (Mid-Western) region, 11.36 per cent from five Prefectures in the Chugoku (Western) region, 6.66 per cent from four Prefectures in the Shikoku region, and 13.43 per cent from eight Prefectures in the Kyushu region.

For the realization of such a gigantic immigration project, the existing Manchuria Colonial Development Company was considered to be quite inadequate. At first an increase of its authorized capital to 50,000,000 yen was seriously considered but eventually, by May, 1937, both Tokyo and Hsinking decided to establish a new and stronger corporation to succeed the existing one. The Tokyo Government approved the treaty thereon on July 2 and the Privy Council on July 28, while the Hsinking Government passed upon the same plan on July 7 and the Privy Council on July 28. As a result, the Japan-Manchoukuo Treaty and accompanying documents were signed on August 2, 1937, by Ambassador General Kenkichi Uyeda and Premier Chang Ching-hui. Three days later, Japanese and Manchoukuo committees, each with fifteen members, were named to make necessary preparations for the establishment of the proposed Company. The Manchuria Colonial Development Company (Manshu Takushoku Kosha) thus prepared was established on August 31, succeeded to the Manchuria Colonial Development Company (Manshu Takushoku Kabushiki Kaisha) on September 1, and began its official life on the same date. The new Company is a Manchoukuo special corporation with an authorized capital of 50,000,000 yen (Japanese Government, 1,500,000 yen; Manchoukuo Government, 1,500,000 yen; South Manchuria Railway Company, 1,000,000 yen; and Japan-Manchoukuo public, 1,000,000 yen). Its fundamental purpose is same as that of its predecessor and it took charge, not only of the already settled groups, but also of the new project for the settlement of 1,000,000 households with 5,000,000 farmers in twenty years already outlined. To assist its various activities, the Manchuria Colonial Development Committee, composed of seven Japanese and seven Manchurian members, was created at Hsinking on September 1, 1937, while the Manchuria Colonization Society (Manshu Iju Kyokai) in Japan was transformed into a legal corporation on April 30, 1937, and enlarged the scope of its activities to harmonize with the new outlook.

According to this new plan, the Japanese Government was to advance necessary subsidies and to dispatch leaders for the purpose of establishing and managing settlements for three years, while the Manchuria Colonial Development Company was to loan out necessary funds. The total fund

required during this first three-year period was estimated at 2,560 yen per household. Besides 240 yen advanced by the Japanese Government for travelling expenses, the Japanese Government was to furnish 650 yen as subsidy and the Manchuria Colonial Development Company was to loan out 1,910 yen toward these expenses. In the case of the free immigrants, the Japanese Government was to subsidize up to 500 yen per each household as travelling expenses and land-purchasing fund and the Manchuria Colonial Development Company was to loan out up to 1,900 yen per each household for necessary expenses. Under this general plan, the Manchuria Colonial Development Company in cooperation with the Japanese and Manchoukuo Governments, took charge of the Sixth Wave of 3,787 immigrants in 18 groups during June and July, 1937, and settled the Seventh Wave of 1,156 immigrants in 22 groups during February, 1938. It may be added that roughly 15,000 other persons, who were trained for immigration, 10,000 of whom are subsidized group immigrants and the remainder free immigrants, joined the army in connection with the current China Incident and could not participate in the scheduled settlement. The following table gives the prevailing condition of these immigrants as of April 30, 1938 (See below, section (5), for a summary of free immigrants.):

SUBSIDIZED MASS IMMIGRATION, 1937–1938

(As of April 30, 1938)

Settlements	Places	Dates of Settlement	Present Population				Cultivated Areas (Hectares)	
			Members	Wives	Others	Total	Total	Per Household
VI	Heichutzu	June, 1937	292	7	13	312	419	1.4
„	Tungerhtaokang	„	133	—	—	133	255	1.9
„	Hsierhtaokang	„	143	—	—	143	231	1.6
„	Liujenpan	„	136	5	9	150	160	1.2
„	Peiwutaokang	„	291	—	—	291	339	1.2
„	Nanwutaokang	„	292	1	1	294	297	1.0
„	Lungchao	„	247	1	—	248	428	1.7
„	Tangyuan-Kumamoto	July, 1937	226	7	7	240	388	1.7
„	Tangyuan-Miyagi	„	198	—	—	198	305	1.5
„	Tangyuan-Fukushima	„	172	7	10	189	466	2.8
„	Tangyuan-Ibaragi	„	131	—	—	131	163	2.1
„	Tangyuan-Shizuoka	„	148	1	2	151	267	1.8
„	Tangyuan-Tohoku	„	239	—	—	239	342	1.4
„	Tangyuan-Tokai	„	218	1	—	219	421	1.9
„	Heimaliu	June, 1937	278	17	17	312	429	1.5
„	Hailun	„	226	6	6	238	509	2.2
„	Wufutang	„	211	—	—	211	502	2.4
„	Laochiehchi	„	206	12	5	223	208	1.0
VII	Heishihtun	February, 1938	61	—	—	61	15	0.3
„	Ssuchiafang	„	45	—	—	45	10	0.2
„	Pataohotzu	„	125	—	—	125	49	0.4
„	Yentungshan	„	38	—	—	38	29	0.7
„	Yuanpaochen	„	24	—	—	24	18	0.7
„	Chaoyangchuan	„	117	—	—	117	80	0.7
„	Taipingchuan	„	66	—	—	66	26	0.5
„	Hsiaoshantzu	„	33	—	—	33	67	2.0
„	Sankoting	„	30	—	—	30	37	1.2
„	Yujungmiao	„	53	—	—	53	23	0.4
„	Tungheimaliu	„	62	—	—	62	16	0.2
„	Anpai	„	35	—	—	35	79	2.2
„	Lalin	„	49	—	—	49	56	1.1

Settlements	Places	Dates of Settlement	Present Population				Cultivated Areas (Hectares)	
			Members	Wives	Others	Total	Total	Per Household
VII	Sankuliu	February, 1938	23	—	—	23	31	1.1
„	Liutaoho	„	83	—	—	83	46	0.6
„	Tachingchuan	„	38	—	—	38	35	0.9
„	Chouchiaying	„	43	—	—	43	11	0.2
„	Chunghochen	„	59	—	—	59	21	0.3
„	Chingho	„	62	—	—	62	56	0.9
„	Chihuli	„	52	—	—	52	45	0.8
„	Ssuhaotun	„	23	—	—	23	11	0.5
„	Peihsuehtien	„	35	—	—	35	13	0.4

Note: The figures given above for the Seventh Settlements include only the members of the first wave for the purpose of general preparation. About 3,700 others, already undergoing training, will settle various places between the fall of 1938 and the spring of 1939.

It may be added here that there is a unique institution which has helped and is still helping this organized immigration project in a most practical way. This institution is the Mammo Kaitaku Harbin Kunrensho (Harbin Manchuria-Mongolia Development Training Institute). It was originally established at Peitaiying in Mukden in May, 1932, as Nippon Kokumin Koto Gakko (Japan People's High School) and was engaged in training prospective farmer-settlers between 20 to 30 years of age. It was removed to Wangchaotun near Harbin in April, 1935. With the adoption of national subsidized immigration policy, the Manchuria Colonization Society established, in the autumn of 1936, a training camp at Adaho, a short distance east of Harbin, for the purpose of furnishing trained immigrants who should become the backbone of various settlements. The Harbin Nippon Kokumin Koto Gakko took this occasion in handing over everything to the newly established training camp, of which it became a branch. On December 1, 1936, it was renamed as the Mammo Kaitaku Harbin Kunrensho and continues to train immigrant-settlers. This institution sent out to various subsidized settlements 214 and 329 trained immigrants respectively during its Mukden and Harbin days as the Nippon Kokumin Koto Gakko. These usually served as a pioneer group in opening up the proposed settlement areas for the incoming settlers. It has at its command some 293 hectares of farm lands and is capable of accommodating 250 members (See above, the Japanese Immigration Map).

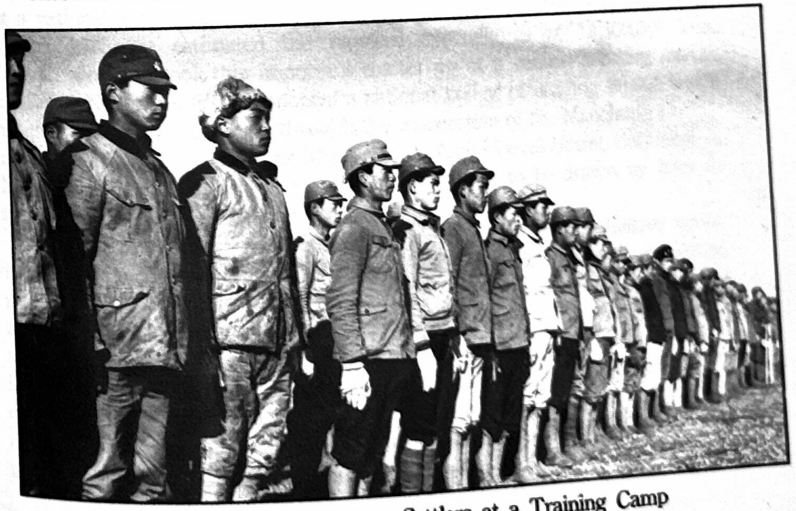
(3) *Youth Volunteer Settlers*

While the subsidized mass immigration movement was thus taking a strong hold on the Asiatic continent, another movement of equal importance was undergoing a similar experimentation on the Manchurian soil. This is a movement to train young people of preconscription age and to settle them as trained settler-farmers in Manchuria.

This movement dates back to 1934. The plan was first hatched in the brains of Lieutenant-Colonel Tohmiya and was actually realized on September 16, 1934, when 14 young people were settled at Jaoho in north-eastern Manchuria. The members, ranging from 15 to 21 years of age, were all picked youths from among a group recommended by those who were interested in the plan and began to undergo a systematic training there. They were jointed by additional 16 young people in July, 1935, and others every

Japanese Settlement Life: the Tractor Farming at Iyasaka Village

Chosenese Settlement Life: the Harvesting Rice at Yingkou Farm-Settlement



Japanese Youth Volunteer Settlers at a Training Camp

year since that today there are 84 young people cultivating 40 hectares of land. They form a part of the Yamato Village at Jaoho at the present time.

The Jaoho experiment was so satisfactory and stired up such a wide interest in the project that it brought about a far-reaching result. First of all, the Manchuria Colonization Society took it up and began to sponsor it on a larger scale. By the summer of 1937, almost 300 youths were enlisted in this movement. While this work of enlistment and preparations was in progress in Japan, the plan was receiving an almost universal acclaim in Manchoukuo. Thus, in July, 1937, met at Hsinking a special conference to consider the question of Japanese youth immigration into Manchuria. It was attended by the representatives of the Kwantung Army, the Tokyo Department of Colonial Affairs, related Departments of the Manchoukuo Government, the Manchuria Colonial Development Company, the South Manchuria Railway Company, the Manchuria Colonization Society, and other interested organizations. After a careful review of the youth volunteer settlement movement and an extended deliberation concerning its bearing upon the general immigration movement, it adopted a plan of training 30,000 youths in 3 years and of establishing training camps as a first definite step in translating the idea into action. The Manchuria Colonization Society was to carry on the activities of enlisting and dispatching in Japan and the Manchuria Colonial Development Company was to establish training camps and to institute training in Manchuria. It was under this plan that 293 young volunteers who were already enlisted and who were undergoing training at Uchihara in Ibaragi Prefecture up to that time were settled at the Nonkiang Training Camp which was established by the Manchuria Colonial Development Company at Ilaha, north of Tsitsihar, during August and September, 1937. Before the end of the year, 26 additional youths jointed the original party and launched a new movement of Japanese youths toward Manchuria.

In the meanwhile, a movement to make the youth volunteer settlement a part of the national policy was crystallizing in Japan. As a result, six representatives of the Manchuria Colonization Society, the Farming Village Rehabilitation Society, and the Japan Federation of Young Men's Associations memorialized the Government on November 3, 1937, and proposed to make it a national policy to send 50,000 youth volunteer settlers into Manchuria during 1938. It estimated the required expenditures at 12,500,000 Yen. The Government took this important matter up at a cabinet meeting on the following November 30 and adopted a national policy of sending 30,000 youth volunter settlers during 1938 through the cooperation of the Manchuria Colonization Society in Japan and the Manchuria Colonial Development Company in Manchuria. For 1939 and thereafter, new plans are to be drawn up later in the light of the 1938 experiences.

This new program thus adoped for instituting youth volunteer settlements in Manchuria proposes to enlist, train, and settle in Manchuria young people between 16 and 19 years of age and to furnish the backbone as well as the leadership of future Japanese settlements there. The enlisted youths, at least the graduates of primary schools, first undergo a preliminary training for two months at a training camp in Japan and then proceed to Manchuria where they undergo further training in immigrant life for three years in one of several training camps there. After these trainings and experiences, they join various subsidized or independent immigrant settlements. In train-

ing camps, they are organized in a military fashion like the boy scouts and lead a highly disciplinary life. The training consists of studies, including ordinary subjects such as history, geography, and language and special subjects such as Manchurian agriculture, Manchurian affairs, utilization of agricultural products, dietetics, and physiology and hygiene, ethical and civic training, military discipline, and technical education such as agricultural architecture, farm life, practical village engineering, and repair works. They also acquire practical experiences in the management of farming settlements, including the supervision of farms, farming implements, large scale kitchen, and libraries. Needless to add, the entire expense of this new enterprise is to be borne by the Government. The training camp in Japan, capable of accommodating 10,000 youths, was established at Uchihara in Ibaragi Prefecture, while the training camps in Manchuria were established at five places as follows: the Nonkiang Training Camp at Ilaha near Nonkiang, north of Tsitsihar, in Lungkiang Province; the Ningan Training Camp at Shalanchen near Ningan, south of Mutankiang, in Mutankiang Province; the Tiehli Training Camp at Tiehli, north of Harbin, in Pinkiang Province; the Poli Training Camp at Taoshan near Poli, southeast of Chiamussu, in Sankiang Province; and the Sunwu Training Camp at Sunwu, south of Heiho, in Heiho Province. Later, in the summer of 1938, it was discovered that the construction works at the five training camps did not progress properly due to flood and other unavoidable circumstances and two special training camps were established, one at Harbin and the other at Changtu, a short distance south of Ssupingkai in Fengtien Province. Two camps were later added, one regular training camp at Tashihtu and one special training camp at Imienpo.

When this program for training Manchuria-bound youth volunteer settlers was made known, so much interest was stired up throughout Japan that over 9,000 young people from all over the country applied for the first quota of 5,000. From these 7,700 applicants were selected, of whom 6,500 entered the Uchihara Training Camp in March, 1938, being the beginning of the fiscal year. These first members were sent off to training camps in Manchuria in April and May, and another 7,500 entered the Camp in May and additional 1,000 in June. These were again sent out to Manchuria between June and July, and their places were taken up at the Camp by an approximately same number of young people. These young people entered the training camps in Manchuria for a three-year training and experience as follows up to the end of December, 1938 (See above, the Japanese Immigration Map):

YOUTH VOLUNTEER SETTLERS IN MANCHURIA

(Through December, 1938)

Training Camps	Pioneer Group	First Wave	Second Wave	Third Wave	Fourth Wave	Fifth Wave	Sixth Wave	Total
Nonkiang	320	1,494	—	2,090	—	—	—	3,905
Ningan	—	1,081	219	1,346	257	727	—	3,630
Tiehli	—	686	—	1,097	324	571	55	2,733
Poli	—	789	168	1,015	258	501	—	2,731
Sunwu	—	662	—	771	—	1	—	1,434
Tashihtu	—	100	—	—	—	—	—	100
Harbin	—	—	—	—	—	189	1,825	2,014
Changtu	—	—	—	—	—	254	528	782
Imienpo	—	—	—	—	—	100	—	100
Total	320	4,813	387	6,319	839	2,343	2,408	17,429

In addition to the above, 1,657 youth volunteer settlers of the seventh group were scheduled to enter various camps during February 25-March 10, 1939, making the total 19,086 for the fiscal year 1938.

The successful initiation of the youth volunteer settlement program assured its continuation and it was decided to send an additional number of 32,000 youths to Manchuria during 1939. For this purpose, an appropriation of 12,400,000 yen or 444 yen per capita was made by the Department of Colonial Affairs. A similar amount of appropriation was made also by the Manchoukuo Government, boosting the per capita appropriation to 888 yen or almost five times the 1938 allotment of 180 yen per capita. In manchuria preparations are already under way to expand the existing training camps and to construct new ones. These training camps will then be divided into two main classes: (1) Major Training Camps to be located at Tiehli (capable of accommodating 12,000), Poli (6,000), Chuho (new, 6,000), and Hailin (new, 6,000), and (2) Minor Training Camps at Nonkiang (6,000), Ningan (6,000), Sunwu (2,000), Tunhua (new, 1,500), and Heiho (new, 1,000). In addition, the Special Training Camps at Harbin and Changtu will continue to accommodate 1,000 youths each and self-protective camps will be designated to embrace 3,000 members, while ten scattering camps will be opened up chiefly for the purpose of permanent settlement with accommodations totaling 3,000. All told, the accommodations, old and new, will be made for an upward of 54,5000 youths.

(4) *Railway, Forestry, and Tobacco Immigration*

Aside from the youth immigration movement, two significant immigration-settlement movements were initiated recently as a part of the so-called "free immigration" into Manchuria. These are the *Tetsudo Jikeison* or Self-Protective Railway Village movement and the *Ringyo Imin* or Forestry Immigration movement (See above, the Japanese Immigration Map).

Quite independent of government sponsored immigration program, the South Manchuria Railway Company took initiative in settling farmer-immigrants along Manchoukuo State Railway lines and in organizing the Self-Protective Railway Villages. This movement was first introduced in 1935 for the double purpose of policing and protecting the railway lines and developing agricultural and stock-farming enterprises along the railway lines. For this purpose, the South Manchuria Railway Company has set aside land sites in the vicinity of more important railway stations for the settlement of Japanese immigrants on the basis of a ten-year plan. The settlers in the Self-Protective Railway Villages are chosen primarily from among those who have finished their conscription service in Manchuria and who are less than 28 years of age. Prospective settlers must have wives or families and must have the intention of settling in Manchuria permanently. Each household is allowed 3 hectares of land immediately after the settlement and additional 5 hectares at the end of 5 years. In addition, living quarters, farming implements, and seeds for cultivation are provided free of charge, while sufficient monthly subsistence allowances are made for five years. At the end of 10 years, the settlers become full-fledged independent farmers. In return, the village settlers are obligated with the duty of policing and protecting the railway lines. For this latter purpose, each settler takes up the policing

duty 6 days per months during the first three years and 3 days per months for the remaining seven years.

Under this plan, six Villages had been created in 1935, seven in 1936, and ten in 1937, making a total of twenty-three Villages in all. In April, 1938, there were 424 households with 1,285 members in these twenty-three Self-Protective Railway Villages as follows:

RAILWAY SELF-PROTECTIVE VILLAGE

(As of April, 1938)

Groups	Year of Settlement	Places	Population		Cultivated Areas (Hectares)
			Households	Members	
I	April, 1935	Nuerhho	10	78	12.8
"	"	Heishantou	19	55	8.0
"	"	Kouchen	10	50	10.6
"	"	Suihua	10	33	6.2
"	"	Taian	11	33	13.4
"	"	Paichengtzu	11	47	14.9
II	April, 1936	Chiaoho	30	86	5.0
"	"	Hsiaocheng	30	84	5.1
"	"	Shanshih	21	60	6.9
"	"	Shuangchengpu	13	36	7.7
"	"	Anta	10	28	8.6
"	"	Lungchen	20	59	10.2
"	"	Chaikang	12	29	9.8
III	April, 1937	Paotzu	25	79	3.8
"	"	Kaoshantun	20	73	2.6
"	"	Mingcheng	20	66	1.8
"	"	Ssuchiafang	19	54	1.4
"	"	Ningan	20	42	3.4
"	"	Tungchingcheng	13	71	3.2
"	"	Acheng	20	64	3.9
"	"	Wuchia	20	59	5.0
"	"	Paichia	30	80	4.2
"	"	Noho	30	69	5.0

Of equal importance is the so-called *Ringyo Imin* or the Forestry Immigrants. The project to induce an immigration of settlers experienced in lumbering was evolved for the purpose of helping Manchoukuo's forestry industry. These immigrants are required to settle at designated places where the Government or the Manchuria Forestry Company are conducting lumbering enterprises and to participate in the lumbering activities during the lumbering season from October to March at a fixed pay. In return, they are given necessary subsidy for settlement, including travelling expenses of 200 yen and at least 5 hectares of land per household, communicational and cultural facilities, and policing assurance. These assistances are to be furnished by the Department of Colonial Affairs before they leave Japan and the Manchuria Colonial Development Company after they arrive in Manchuria. Beginning in 1936, the projected program called for the settlement of 3,230 households in six years. Under this plan, four settlements were started in September, 1936, and the experiments have proven to be quite satisfactory. The conditions of these immigrants at the end of July, 1938, were as follows: the Akita Foresty-Farm Settlement at Erhtaokou in Chientao Province with 42 of the projected 80 households and 166 family members, cultivating 347 hectares of land; the Sanchakou Forestry-Farm Settlement at Sanchakou in Chientao Province with 36 of the projected 80 households and

124 family members, tilling 289 hectares of land; the Hsientung Forestry-Farm Settlement at Hsientung in Mutankiang Province with 89 of the 350 projected households and 319 family members, cultivating 456 hectares of land; and the Kuchengchen Forestry-Farm Settlement at Kuchengchen in Sankiang Province with 88 of the projected 220 househelds and 300 family members tilling 272 hectares of land.

The third of the specialized immigrant groups is called *Tabako Imin* or Tabacco Immigrants. The Manchoukuo Department of Industry, in facing the annual importation of no less than 2,000,000 yen worth of tobacco leaves, has evolved a five-year plan of doubling the present tobacco cultivation. It is in this connection that the project of inviting tobacco-raising Japanese immigrants was conceived. The settlers are to be handled in a similar manner as the other free immigrants. The project calls for 4 settlements involving 110 households in Fengtien Province, 6 settlements involving 220 households in Chinchou Province, and several in Antung Province. The first settlement of this group took place at Tangshancheng in Antung Province with 10 settlers and 23 family members in April, 1938. They began to cultivate some 40 hectares of land for the purpose of raising tobacco. The other Tobacco Immigrants are scheduled to settle near Fuchou, Haicheng, Liaoyang, and Hailung in Fengtien Province and near Chinhsien, Hsingcheng, Heishan, Chinhsi, Peichen, and Chaoyang in Chinchou Province.

The fourth of the specialized immigrant groups, namely, the *Gyogyo Imin* or Fishery Immigrants, is under consideration but has not seen its realization.

(5) *Independent Immigration Movement*

Along with the subsidized mass immigrant waves and special groups above described also came other independent groups. These Japanese immigrants have settled in Manchuria in recent years purely on their own initiative and the number is on the increase today.

In the previous Report (see Fifth Report, pp. 131–132) it has been pointed out that the pioneers in this group were the Tensho-yen, the Kyohaku Institute, and the Tenrikyo Village. The Tensho-yen settlement was started in March, 1933, at Ikoshu in the southern part of South Hsingan Province and there are today 50 households with 83 family members cultivating 1,060 hectares of land. The Kyohaku Institute, which was started in 1934 at Chingpohu in the southern part of Pinkiang Province, was reorganized in 1935 and 25 members are carrying on the purely settlement activities today. The Tenrikyo Village, which was started in 1934 near Acheng, south-east of Harbin, has been faring well and there are today 62 households with 349 family members, cultivating 800 hectares of land.

Aided by the experiments of these groups and spurred on by the subsidized mass-immigration movement, the independent settlements in various sections of Manchuria began to increase from 1935 and onward. In order to facilitate these independent settlements, the Manchoukuo Government passed, on November 7, 1936, a Provisional Regulation for Supervising Free Farming Immigrants. Under this Provisional Regulation, all prospective settlers are required to apply for permission to settle to Ministers of People's Welfare or Mongolian Administration Departments, Governors of Provinces,

or Mayors according to the extent of proposed land utilization, namely, respectively, 50 cho or over, from 15 cho to 50 cho, and under 15 cho. In return, the authorities promised to all applicants receiving permits for settlement various necessary assistances, including purchasing or leasing of land, policing of settlements, improvement of communication and hygienic facilities, and general farming preparations. The Japanese Government also decided to encourage and assist these independent settlements in supplementing its organized effort to settle one million households in twenty years. Thus, the Government promised to grant to these "free immigrants" subsidies up to 500 yen per household as travelling expenses and purchasing of land, while the Manchuria Colonial Development Company offered loans up to 1,900 yen per household in financing the settlements.

With this background, independent farming settlements of Japanese immigrants began to increase in various parts of Manchuria after 1936. We may review here a few typical examples of these pioneer "free immigrant" settlements:

(1) *The Yamato Village.* The Yamato Village at Jaoho in northeastern Manchuria was originally started by 14 youth immigrants in 1934 and reenforced by 18 new arrivals in 1935. Additional settlers, mostly more mature farmers, joined these pioneer youths since and today there are 85 households cultivating 252 hectares of land. Through the aid of the Manchuria Colonial Development Company, the tractor farming was introduced there with promising success. The settlement has almost 6,000 hectares of cultivable land at its command.

(2) *The Niigata Village.* The Niigata Village was started in February, 1935, by 9 settlers from Niigata Prefecture at Chiaoho in Kirin Province. Since then additional settlers from the same Prefecture joined the small pioneer group and today there are already 84 households with 159 family members cultivating 223 hectares of land.

(3) *The Holunbair Cooperative Farms.* The Holunbair Cooperative Farms, unlike most others, are located on the plateau land to the west of the Great Hsingan Range near the Mientuho station on the Harbin-Manchouli railway line. Ever since 14 men pioneered in October, 1935, to open up mechanized farms in this district, the project attracted a wide attention and there are today 38 households with 9 family members. They have at their command some 5,000 hectares of cultivable land, of which about 700 hectares are now under cultivation. There are also a dozen mechanized Japanese farms in this district and their experiments are being observed with keen interest everywhere.

(4) *The Matsushima Settlements.* The Matsushima Settlements in Kirin Province owe their origin to the initiative taken by Mr. Matsushima of the Japanese Consulate General at Kirin. He conceived of an idea of inducing settlers from his own prefecture of Nagano and became instrumental in successfully materializing four settlements in Kirin Province in March, 1937. The Shuanghochen Settlement has 19 households with 35 family members cultivating 95 hectares of land; the Shuehchulien Settlement embraces 88 households with 12 family members cultivating 167 hectares of land; the Paishantzu Settlement involves 21 households with 16 family members tilling 106 hectares of land; and the Kiangmifeng Settlement is composed of 28 households with 41 members cultivating 87 hectares of land.

(5) *The Iwate Village.* With a purpose of settling 300 households in 3 years, 7 pioneers from Iwate Prefecture started the Iwate Village at Tiehli in Pinkiang Province late in 1937. In February, 1938, 25 more joined them, making the total 32 households with 15 family members. During the first year, they opened up 45 hectares of land.

(6) *The Rikko Village.* The Rikko-Kai, an organization which has been for years sponsoring emigration to various parts of the world, took initiative in starting a settlement near Hsinking and settled 26 households in April, 1938. There are already 103 family members in the Village and they till 97 hectares of land.

(7) *The Lafa Settlement.* With a purpose of creating a settlement ultimately embracing 100 households, 22 men settled near Lafa in Kirin Province in April, 1938. Already there are 56 including family members in the settlement and 95 hectares of land were opened up during the first year.

(8) *Miscellaneous Settlements.* Among other settlements of this same group may be mentioned the Taheishan Settlement in Kirin Province which was started in March, 1936, with 9 settlers and 9 family members, now cultivating 147 hectares of land; the Sunjen Village in Kirin Province which was settled in March, 1937, by 8 settlers and 7 family members, now tilling 80 hectares of land; the Sanho Cooperative Village in North Hsingan Province which was started in March, 1937, by 16 settlers, now cultivating 106 hectares of land; the Fukushima Village which was started at Szuchiafang in Kirin Province by 11 settlers from Fukushima Prefecture in February, 1938; the Taoshan Settlement in Pinkiang Province which was opened by 32 settlers and 23 family members in April, 1938; the Shoin Village at Pingyangchuan in Pinkiang Province which was started by 23 of the projected 120 settlers from Yamaguchi Prefecture in April, 1938; the Kochi Village at Hsiaocheng in Kirin Province which was started by 20 of the projected 50 settlers from Kochi Prefecture in April, 1938; the Tokachi Village also at Hsiaocheng in Kirin Province which was opened by 8 of the projected 30 settlers and 26 family members in April, 1938; the Fukui Village at Szushuntang in Pinkiang Province which was started by 19 of the projected 30 settlers and 96 family members in June, 1938; and the Pahuli Settlement in Sanking Province which was started by 96 of the projected 300 settlers in April, 1938. Additional settlements are now being planned in all parts of Japan.

In addition to these more or less organized settlements, hundreds of independent settlers, similar in nature but smaller in scale, also found their way into Manchuria. These free immigrants, consisting of 1 to 12 households, have settled along the Hsinking-Tumen, Lafa-Harbin, Mukden-Kirin, Peian-Heiho, Mukden-Shanhaikwan, and Chinchou-Chengte railway lines during 1933–1938. About 100 of these settlements are actually known but many other scattered settlements remain unregistered. There is every indication that these independent settlements will grow in number in the future.

43 Chosenese Settlements in Manchuria

The Chosenese immigration into Manchuria became more noticeable after the Japanese annexation of Chosen. In 1910, the year of the annexa-

tion, the Chosenese residents in Manchuria were estimated at some 53,000. This number has grown steadily to 459,000 by 1920 and 607,000 by 1930. At the end of June, 1938, there were 985,233 Chosenese in Manchoukuo and in addition 3,726 Chosenese were reported residing within the Kwantung Leased Territory, making the total 988,959 in all Manchuria.

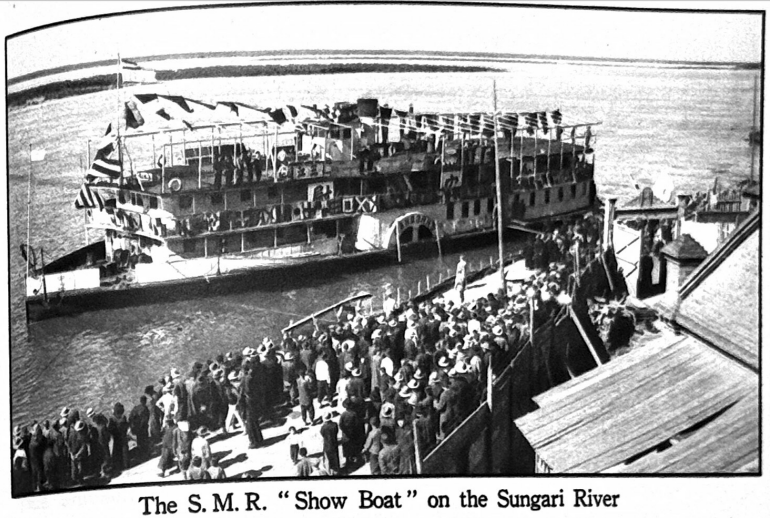
Before the emergence of Manchoukuo, the lot of the Chosenese immigrants in Manchuria was not at all an envious one. They were chiefly engaged in the rice cultivation in which profession they far outclassed the Chinese laborers, but were generally oppressed and mistreated by the Chinese authorities. This was especially true in the matter of leasing lands. The Wanpaoshan Affair in 1931 was an outcome of such difficulties. Moreover, they became the constant victims of marauding hordes of bandits. After the establishment of Manchoukuo, however, all of those handicaps, notably the difficulties relating to the leasing and purchasing of lands, were wiped away, and, with the expanding radius of peace and order, the Chosenese immigrants began to enjoy a new deal in their activities.

In the previous Report (See Fifth Report, Section 45), the concentration-village movement and the Chosenese farm-settlements, were described as the most noteworthy recent develompents which concerned the general welfare of Chosenese immigrants in Manchuria. Since then, not only did these two movements saw further expansion, but new movements were evolved for the purpose of helping Chosenese settlements in Manchuria. To supervise these various movements, moreover, two immigration companies were established, one at Hsinking and other at Seoul.

(1) *Chosenese Colonization Companies*

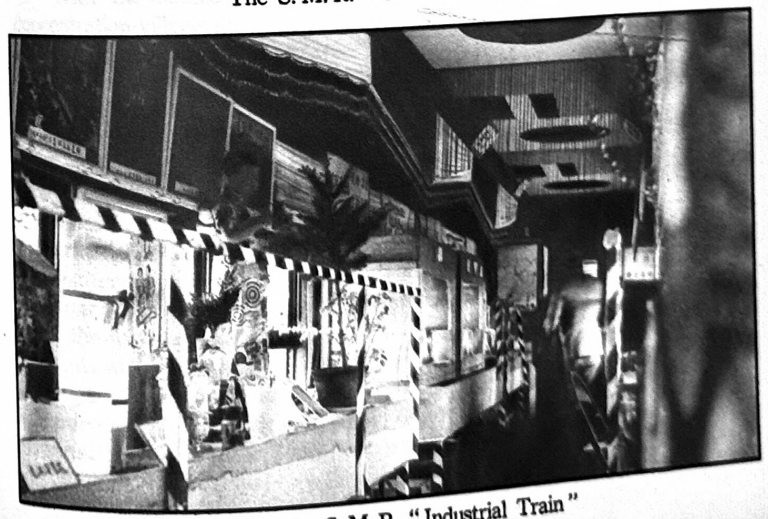
After the establishment of Manchoukuo, the problems of Chosenese immigration into Manchuria and their settlements in Manchuria were handled, generally speaking, by the East Asia Land Development Company, a subsidiary of the South Manchuria Railway Company, in cooperation with the Government General of Chosen and the Hsinking authorities. With the growing importance of Japanese immigration into Manchuria and the adoption by Japan of her subsidized mass-immigration program, however, the supervision of Chosenese immigration and their settlements in Manchuria became equally important. As a result, new agencies were created for the purpose of meeting these growing problems: the Man-Sen Development Company at Hsinking and the Sen-Man Development Company at Seoul.

The Man-Hsien Tochih Kupen Yuhsien Kungssu or the Manchuria-Chosen Development and Settlement Company, hereafter abbreviated as Man-Sen Development Company, was established at Hsinking by amalgamating the East Asia Land Development Company on September 14, 1936. It is a special Manchoukuo corporation, organized under a Government ordinances, with an authorized capital of 15,000,000 yuan, the entire stock of which is held by the Sen-Man Development Company of Seoul (see below). It was established for the broad purpose of assisting almost one million Chosenese residents in Manchuria to secure an assured livelihood and supervising Chosenese immigrants to settle securely in Manchoukuo. For this purpose, it is authorized: (1) to acquire, manage, and dispose land necessary for settlers; (2) to manage equipments and facilities necessary for settlers;



The S. M. R. "Show Boat" on the Sungari River

The S. M. R. "Carnival Train"



Inside of the S. M. R. "Industrial Train"

(3) to advance necessary funds to settlers; and (4) to carry on various activities appertaining to the above enterprises. Thus organized, the Man-Sen Development Company began to launch its activities in three directions: (1) inviting and supervising settlements of new immigrants from Chosen; (2) encouraging already settled Chosenese immigrants and residents in Manchoukuo to organize concentration villages; and (3) starting Chosenese tenant farmers onto the road of independent farming. For the second activity, the Company began (1) to conduct farms under its direct management, (2) to succeed the East Asia Land Development Company in supervising the Chosenese farm-settlements, and (3) to manage a large tract of land, totaling some 92,000 hectares scattered over 17 places, for the purpose of future development. Besides these activities, the Company mobilizes a large amount of funds in assisting the Chosenese farmers, conducts rice refinery plants at Mukden and Wangchingmen which refine about 80,000 *koku* of rice annually, carries on educational and hygienic activities among the Chosenese settlements, and propagates among Chosenese farmers the advisability of utilizing farm products as bi-industries. To these various activities we shall return in a moment.

Quite similar in purpose, there is the parent organization in Seoul, Chosen. The Sen-Man Takushoku Kabushiki Kaisha or the Chosen-Manchuria Development and Settlement Company, hereafter abbreviated as Sen-Man Development Company, was established on September 9, 1936, at Seoul as the holding company of the Man-Sen Development Company. It is a Japanese corporation capitalized at 20,000,000 yen, of which the largest shareholders are the South Manchuria Railway Company, 5,000,000 yen, and the Toyo Takushoku Kabushiki Kaisha, 5,000,000 yen. It holds the entire stock of the Man-Sen Development Company and its officers hold same positions with the latter. Its activities are also about the same as those of the Man-Sen Development Company and, in addition, it operates various development enterprises in the north-western parts of Chosen.

(2) *Chosenese Farming Immigration*

With the successful initiation of the Chosenese farm-settlement and concentration-village movements, the growing importance of the question of Chosenese immigration and settlements in Manchuria brought the Manchoukuo Government and the Government General of Chosen into consultation. As a result, they set a limit of annual Chosenese immigration into Manchuria at 10,000 households and the Manchoukuo Government agreed to designate for their use a "Subsidized Settlement Zone," covering 23 Hsiens or Prefectures along the Manchoukuo-Chosen border and within Chientao and Tunghua Provinces and portions of Fengtien and Antung Provinces. It also designated "Concentration-Settlement Zones" at various localities where Chosenese farming population congregate in large numbers, chiefly in Mutankiang, Kirin, and Fengtien Provinces (See the Chosenese Immigration Map). Every year, the Manchoukuo Government was to designate the number of immigrants to be sent and the Government General of Chosen, after a careful investigation, was to issue necessary certificates to prospective Chosenese emigrants. The task of supervising the work of actual immigration and new settlements in these Zones was entrasted to the Man-Sen Development

Company. To assist this work the Sen-Man Development Company has established a training camp at Mensenri in Chosen for the purpose of training the emigrants spiritually and technically before they set out to Manchoukuo. The training period is 40 days and the camp was opened on January 20, 1938, with the entrance of 96 Chosenese would-be-emigrants.

With this background, the Man-Sen Development Company began to direct and supervise the new Chosenese immigration into Manchuria from 1937 with a goal of settling 150,000 households and 750,000 members in 15 years. The following table summarizes its work during 1937, the first year under the new arrangement:

CHOSENESE SETTLEMENTS IN 1937

Places	Villages	Households	Number
Antu-Hsien, Chientao Province	13	1,042	5,304
Wangching-Hsien, „ „	15	915	4,865
Yenchi-Hsien, „ „	10	378	1,936
Yingkou, Chinchou „	6	198	1,111
Total	44	2,533	13,216

For the year 1938, it was decided to encourage the settlement of 3,000 households of free immigrants and 5,000 households of group immigrants. During the spring season of 1938, the following settlements took place:

CHOSENESE SETTLEMENTS, SPRING OF 1938

Places	Villages	Households	Number
Antu-Hsien, Chientao Province	13	868	4,103
Yenchi-Hsien, „ „	7	507	2,578
Wangching-Hsien, „ „	6	478	2,835
Huatien-Hsien, Kirin „	6	342	1,662
Hueinan-Hsien, Tunghua „	2	200	992
Lieuho-Hsien, „ „	7	255	1,270
Chinchuan-Hsien, „ „	3	149	758
Total	44	2,799	14,198

(3) *Concentration-Village Movement*

The Chosenese concentration-village movement was started in 1933 through the cooperation of the Government General of Chosen and the Chientao Japanese Consulate General as an experiment in the Chientao district. Encouraged by the success of this experiment, the Government General of Chosen adopted it as a definite annual project since 1934.

The concentration-village movement among the Chosenese residents and immigrant farmers in Manchuria was started for the purpose of assuring a settled farm life among them and of creating organized barriers against the loaming bandits. With the expansion of the radius of peace and order, however, the second purpose lost its objective and today it is continued as a purely economic movement. Those who settle the designated places are provided with houses, lands, and other necessary implements and facilities for farming. On the other hand, such concentration of settlements in direct contrast with small scattered settlements, helped the authorities in their delicate task of preserving peace and order. In order to assure the success of this movement, certain areas which are best suited to the Chosenese

farmers are designated as the "Concentration-Settlement Zone." This Zone includes 7 Hsien in Kirin Province, 4 Hsien in Fengtien Province, 2 Hsien in Lungkiang Province, and 1 Hsien each in Mutankiang, Pingkiang, and South Hsingan Provinces (see the Chosenese Settlement Map). The "Subsidized-Settlement Zone" is also placed at the disposal of this movement, while appropriate regions other than those in the two designated Zones have been later utilized as we shall shortly see.

For the year 1934, the Government General of Chosen planned to create 9 concentration-villages, capable of embracing altogether 950 Chosenese households at an estimated expenditure of 96,000 yen. The second-year project for 1935 called for the creation of 15 concentration villages accommodating 1,600 households at an estimated expenditure of 133,000 yen, and the third-year project for 1936 aimed at fulfilling the previous quotas and creating 5 new villages for the settlement of 500 households at an estimated expenditure of 95,000 yen. The actual results of these projects may be shown in the following table:

CHOSENESE CONCENTRATION-VILLAGE SETTLEMENTS, 1934–1936

Years	Villages	Households	Member
1934	9	857	4,579
1935	15	1,538	8,149
1936	5	478	2,557
Total	29	2,873	15,285

With the establishment of the Man-Sen Development Company late in 1936, this work of bringing together into farming settlements of Chosenese floating all over Manchuria was taken up by the new Company in cooperation with the Manchoukuo Government. The record of its activities during 1937–1938 is as follows:

CHOSENESE CONCENTRATION-VILLAGE SETTLEMENTS, 1937–1938

(As of May, 1938)

Districts	Chosenese Households	Manchurian Households	*Cultivated Areas (Hectares)
Yingkou, Chinchou Province	100	—	200
Liuho, Tunghua „	501	225	2,217
Huaite, Kirin „	601	—	1,309
Wangyehmiao, South Hsingan Province	100	—	305
Tayuchang, Mutankiang „	262	—	289
Chinchou, Chinchou „	276	—	428
Changkouyen, Fengtien „	227	21	492
Wehho, Pinkiang „	290	—	654
Tailai, Lungkiang „	87	33	271
Panshih, Kirin „	45	149	192
Talishukou, Chientao „	93	—	288
Total	2,582	428	*6,645

* Cultivated areas are for the Chosenese settlers only.

Somewhat similar to this concentration-village movement, the Man-Sen Development Company maintains several farms under its direct management. At these farms, the Chosenese are employed as tenant-farmers, in some cases together with the Manchurians, and they produce principally rice. Following table shows the conditions of these farms in May, 1938:

MAN-SEN DEVELOPMENT COMPANY FARMS

(As of May, 1938)

Farms	Chosenese Households	Manchurian Households	Cultivated Areas (Hectares)
Wuchiahuang	580	—	1,417
Kungtaipao	176	—	361
Tungliao	—	273	3,834
Taniukou	57	12	178
Wangchingmen	220	184	1,354
Yungling	241	77	1,092
Total	1,274	546	8,236

The Company had succeeded to the first 4 farms when it amalgamated the East Asia Land Development Company, while it opened up the last 2 farms anew. The Wangchingmen and Yungling Farms are believed to be the model farms in every respect and constitute as the best example of what can be the effect of systematic planning and management of otherwise useless lands and most troublesome Chosenese and Manchurian farmers.

Very closely related to this concentration-village movement is an attempt to place Chosenese tenant farmers on an independent footing. Thousands of Chosenese are working as tenant-farmers under Manchurian land-owners and their lot has been a miserable one. In order to free them and to make them worthy citizens of Manchoukuo as independent farmers, the Man-Sen Development Company set out to purchase from Manchurian land-lords those farm lands upon which the Chosenese are working as tenants and allot them to the latter, allowing them to become the owner-farmers eventually through annual payments out of their labor. The following is the amazing record of this new movement during 1937–1938:

CHOSENESE TENANT-TO-OWNER MOVEMENT, 1937–1938

Years	Households	Lands (Hectares)	Amount Loaned
1937	1,786	6,682	¥1,361,315
1938	606	2,356	765,290
Total	2,392	9,038	¥2,126,605

(4) *Chosenese Farm-Settlements*

The Chosenese Farm-Settlements were sponsored by the Government General of Chosen and supported by the Department of Colonial Affairs at Tokyo, the Kwantung Army, the Japanese Embassy, and the South Manchuria Railway Company for the purpose of settling down the floating Chosenese population in Manchuria. The project involved the purchase of suitable lands, inducement of unemployed Chosenese to settle, granting of land under a long-term lease-ownership plan, low-interest loan, provision of facilities such as houses, equipments, and necessary funds, and offering of needed protection. The Government General of Chosen was to provide one-third of the required fund and entrusted the entire management under its general supervision to the East Asia Land Development Company, a subsidiary of the South Manchuria Railway Company, which provided the balance of the necessary fund.

With this background, the first of such Chosenese Farm-Settlements, was created in 1932 at Tiehling, two additional Farm-Settlements in 1933 at Hotung near Chuho in Pinkiang Province and Yingkou, one more in 1934 at Suihua in Pinkiang Province, and the last one in 1935 at Sanyuanpu in Tunghua Province (For details of the early development, see Fifth Report, Section 46–2). The following table gives the general conditions of these Farm-Settlements at the end of May, 1938:

CHOSENESE FARM-SETTLEMENTS

(As of May, 1938)

Farm-Settlements	Households	Members	Cultivated Areas (Hectares)	1937 Raw Rice Production (Koku)
Tiehling	383	1,928	820	16,847
Yingkou-I	982	3,951	2,344	50,228
Yingkou-II	855	3,695	1,552	20,894
Hotung	683	3,083	1,625	44,454
Suihua	446	2,148	1,022	28,376
Sanyuanpu	172	826	352	8,212
Total	3,521	15,631	7,715	169,011

In September, 1936, the Man-Sen Development Company amalgamated the East Asia Land Development Company and took over the managerical responsibilities over these five Farm-Settlements. In 1937, the Company decided that the time has come to begin the work of making the Chosenese settlers of these Farm-Settlements independent farmers gradually. After carefully studying the prevailing conditions at various Farm-Settlements, it decided to allow the settlers to buy off the farms and equipments on the basis of an annual-installment plan in the course of 7 years at Tiehling, 10 years at Yingkou, Suihua, and Sanyuanpu, and 15 years at Hotung. At the end of those respective periods, the certificates of ownership will be granted to those farmers who have completed their obligations and the settlers will become independent owner-farmers, the Company withdrawing its managerical responsibilities over the Farm-Settlements.

(5) *Chosenese and Rice Production*

Of a total of 988,000 Chosenese residents in Manchuria, almost 80 per cent are engaged in agriculture. More specificly, of a total of 193,554 Chosenese households in Manchuria, 147,216 households or 76 per cent are engaged in agriculture, while 10,000 households are engaged in daily labor of all kinds, of which roughly 50 per cent are employed as farm-hands during the busy farming season. The remainder of the Chosenese population is distributed as follows: commerce, 7,000 households; officials, 2,200 households; employees of banks and business firms, 2,000 households; restaurants, 1,500 households; teachers, 1,300 households; miscellaneous, 5,000 households; and unemployed, 3,000 households.

The particular field of agriculture in which the Chosenese excel is the rice cultivation. This is due, it is said, to their unsurpassed skill in the art of irrigation. It is for this reason that the Chosenese farmers have settled wherever water is found, often even in the remotest parts of Manchoukuo, and have become the chief producers of rice in the country. The Manchurian farmers also learned the art of rice production from the time im-

memorial but they can not approach anywhere near the Chosenese farmers in this profession. Thus, according to an investigation of the Japanese Embassy, the Chosenese farmers, in 1936, cultivated 112,917 hectares of rice fields and produced 2,545,482 *koku* of raw rice or 22.5 *koku* per hectare whereas the Manchurian farmers cultivated only 14,539 hectares of rice fields and produced 302,193 *koku* of raw rice or 20.7 *koku* per hectare. In other words, the Manchurian farmers cultivated 12.8 per cent of rice fields and produced only 11.4 per cent of raw rice in comparison with the Chosenese farmers.

If we tabulate the Chosenese villages containing more than 5 households all over Manchuria, we get the following distribution of rice fields and the rice production:

CHOSENESE RICE CULTIVATION IN MANCHURIA

(Second Estimate for 1938 by Manchoukuo Colonial Administration Bureau)

Provinces	Rice Fields (Hectares)	Rice Production (Koku)
Fengtien	32,294	759,012
Kirin	32,264	998,717
Chientao	17,569	503,134
Pinkiang	15,136	414,459
Tunghua	10,479	205,153
Chinchou	8,223	183,674
Sankiang	6,947	167,164
Antung	5,889	124,706
Mutankiang	5,041	125,378
South Hsingan	3,348	75,606
Lungkiang	2,411	59,148
Jehol	153	4,620
Heiho	118	1,528
Total	139,872	3,662,299

The above table incidentally reveals the increase of cultivated areas in two years, from 112,917 hectares in 1936 to 139,872 hectares in 1938. This increase is due largely to the movement to foster settled life among Chosenese in Manchuria and also to settle additional immigrants from Chosen as already described.

In addition to the cultivation of paddy fields as above mentioned, the Chosenese farmers also cultivate upland farms. In 1938, these totaled 236,813 hectares which produced, according to the second annual estimate by the Manchoukuo Colonial Administration Bureau, 624,132 *koku* of soya beans, 461,830 *koku* of millet, 222,953 *koku* of rice, 79,949 *koku* of kaoliang, 4,548 *koku* of wheat, 795 *koku* of upland rice, 30,362 *koku* of miscellaneous beans, and 744,441 *koku* of others, totaling 2,166,010 *koku*. Moreover, the Chosenese farmers produce, as their farm bi-products, some 30 odd kinds of products, such as eggs, charcoals, mattings, ropes, and hemp cloths, to the amount of 1,184,000 yuan a year.

44. Chinese Coolie Immigration Into Manchuria

The Chinese mass immigration into Manchuria passed the million mark during 1927, 1928, and 1929. In 1927 was reached the peak, no less than

1,159,000 entering and only 316,000 leaving, thus chalking up a net gain of 843,000. Since 1930, however, it gradually declined and reached, largely as a result of the Manchurian Incident and the consequent local distrurbances, a new low mark of 414,000 in 1932. During 1932, moreover, 498,000 left Manchuria, thus spelling a net loss of some 84,000. With the establishment of Manchoukuo and the gradual restoration of peace and order, Manchuria once more began to attract Chinese immigrants and the wave of mass immigration started to rise again.

The establishment of Manchoukuo had changed the whole outlook for the free Chinese immigration into Manchuria. The new State deemed it necessary, at least during its formative period, to effect a rigid control of labor and immigration, especially for political and economic reasons, and it began to develop a national policy of controlling free Chinese immigration into Manchuria. This policy of control became clearer with the passage in 1933 of the "Regulations Governing the Entrance of Foreigners." It was reenforced in 1934 by the creation of the Labor Control Commission and the establishment of the Tatung Kungssu, the former to study the demand and supply of labor and to decide upon the necessary amount of labor, and the latter to exercise the actual control over the Chinese immigration into Manchuria through the adoption of a permit system. This policy of control became definite with the passage in 1935 of the "Regulations Governing Foreign Laborers." With these plannings, regulations, and organizations the effective control of Chinese mass immigration into Manchuria was finally established during 1935 (For detailed discussion of this development, see Fifth Report, Section 45).

As a result of such a policy of control, the Chinese coolie immigration into Manchuria began to decrease since 1935. The following figures, according to the Tatung Kungssu, give a summary view of the situation at a glance.

CHINESE COOLIE IMMIGRATION INTO MANCHURIA, 1936 1938

1. Number of Arrivals and Departures

Movements	1936	1937	1938
Arrivals	358,122	319,286	492,376
Departures	366,761	259,098	252,795
Net	−8,639	+60,188	+239,581

2. Distribution According to Employment

Professions	1936	1937	1938
Agriculture	56,288	50,483	27,809
Forestry	293	137	194
Fishery	833	373	832
Mining	9,490	13,496	34,528
Commerce	23,555	31,675	50,384
Engineering	40,610	45,919	93,609
Building	39,074	31,655	26,315
Manufacturing	128,745	88,570	118,907
Transportation	21,702	16,047	89,570
Miscellaneous	37,532	40,931	90,428
Total	358,122	319,286	492,376

3. Origin of Coolie Immigration

Origin	1936*	1937	1938
Shantung	223,870	179,781	234,578
Hopei	132,016	130,339	242,695
Honan	3,419	4,280	9,348
Shanhsi	2,408	2,146	3,546
Kiangsu	1,121	1,272	531
Chekiang	319	393	160
Hupei	199	181	25
Fukien	12	19	7
Anhui	487	282	57
Chahar	—	288	1,361
Others	298	305	68
Total	364,139	319,286	492,376

* The figures for 1936 indicate the number of certificates issued and the actual number entering Manchuria is slightly smaller. These figures are used as no tabulation is available of coolies actually entering Manchuria according to their origin.

4. Destinations after Arrival

Destinations	1936*	1637	1938
Kwantung Leased Territory	98,056	76,684	114,931
Fengtien Province	102,351	86,749	149,644
Kirin Province	42,088	32,602	39,902
Pinkiang Province	48,812	53,516	66,008
Lungkiang Province	10,975	12,267	14,833
Antung Province	22,187	14,206	22,909
Sankiang Province	10,161	5,279	9,644
Heiho Province	3,236	2,334	3,522
Chinchou Province	13,887	17,869	29,453
Jehol Province	6,082	5,594	9,485
Chientao Province	1,691	7,609	5,774
Tunghua Province	—	348	5,684
Mutangkiang Province	—	340	15,308
Hsingan Provinces	4,623	3,889	5,276
Total	364,149	319,286	492,376

* See the explanation for the table above.

In reviewing the above figures, one should remember two fundamental factors affecting the labour situation in Manchuria today. The one is the general construction activities which have been proceeding in Manchuria ever since the establishment of Manchoukuo, greatly preenforced by the new Five-Year Industrial Plan, which annually requires an increasing number of coolies. The other is the current China Incident which broke out in July, 1937, and which affected the sources of coolie supply in China. As a result, the country has been witnessing a shortage of labor supplies during 1937 and 1938. It is for this reason that the Labor Control Commission at Hsinking decided on December 5, 1938, to make a positive effort in inviting 1,000,000 Chinese coolies from North China during 1939. This number was later reduced to 910,000. The Tatung Kungssu has already started a campaign to realize such a large-scale importation of Chinese coolies into Manchuria for the first time since the establishment of the new State.

APPENDICES

I THE SOUTH MANCHURIA RAILWAY COMPANY

II STATISTICS ON MANCHURIA

III DOCUMENTARY MATERIAL

I THE SOUTH MANCHURIA RAILWAY COMPANY

(For complete figures from 1907 to 1935, see Fifth Report, Appendix I)

No. 1 General Balance Sheet

For the Fiscal Year ending on March 31, 1938

I. ASSETS

Subscribed Capital Stock Uncalled		¥123,792,000.00
Fixed Assets		852,719,686.84
Railway and Equipment	317,465,693.65	
Hotels	5,247,262.22	
Harbors and Wharves	110,239,049.88	
Collieries and Equipment	137,260,163.43	
Shale Oil Distillating Plant	12,752,548.50	
Coal Liquefaction Plant	5,301,832.97	
Equipment for Local Administration	181,874,201.14	
Offices, Employees' Dwellings, & Others	73,529,490.08	
Investments		777,347,396.39
Bonds and Shares	152,005,268.88	
Loans	625,342,127.51	
Current Assets		285,981,458.56
Cash in Hand and at Banks	76,151,398.31	
Bills Receivable	875,714.01	
Exchange Accounts	2,309,404.72	
Accounts Receivable	153,148,403.97	
Guaranty Funds	23,560.00	
Collateral Securities, etc.	4,810,665.30	
Due from Other Concerns	254,171.94	
Merchandise:—Coal and Other Products	4,192,647.04	
Material and Supplies	44,215,493.27	
Unadjusted Accounts		203,354,082.84
Partial Payments made in Advance	203,354,082.84	
TOTAL ASSETS		¥2,243,194,624.63

II. LIABILITIES

Capital Stock Subscribed		¥800,000,000.00
Reserves		248,190,000.00
Legal Reserve	44,290,000.00	
Special Reserve	203,900,000.00	
Bonds		797,950,000.00
Current Liabilities		110,100,735.73
Bills Payable	72,800,000.00	
Accounts Payable	35,840,576.11	
Collateral Securities, etc.	21,100.00	
Guaranty Funds	364,695.17	
Exchange Accounts	194,697.52	
Matured Bonds Unpaid	30,300.00	
Due to Other Concerns	849,366.93	
Deposits		172,878,805.52
Employees' Savings Deposits	17,860,003.69	
Employees' Surety Deposits	65,167,930.22	
Employees' Mutual Relief Society Deposits	5,781,947.19	
Subsidiary Companies' Deposits, etc.	84,068,924.42	

Unadjusted Accounts	22,677,902.84
Balance brought forward from Previous Year	17,467,685.97
Net Profit for the Year ending March 31, 1938	73,929,494.57
TOTAL LIABILITIES	¥2,243,194,624.63

No. 2 S. M. R. Debentures

(1) Amounts Issued, Redeemed, and Outstanding

Fiscal Years	Amounts Issued	Amounts Redeemed	Amounts Outstanding	Interests Paid
1907–1616	¥136,682,000	¥19,526,000	¥117,156,000	¥46,121,000
1925	35,000,000	45,300,000	243,752,000	17,095,653
1930	20,000,000	525,000	296,577,000	16,202,000
1935	115,000,000	225,000	652,400,000	28,966,297
1936	225,000,000	100,225,000	777,175,000	33,900,990
1937	56,000,000	35,225,000	797,950,000	35,472,746
Total	¥1,501,434,000	¥703,484,000	¥797,950,000	¥408,633,415

(2) Debentures Outstanding on March 31, 1938

Issues	Amounts Outstanding	Dates Issued	Dates of Maturity	Interest Rate
6	¥2,250,000	Oct., 1917	Oct., 1947	5.0
27	—	Dec., 1927	Dec., 1937	5.5
28	—	June, 1928	June, 1938	5.5
29	35,000,000	Mar., 1929	Mar., 1939	5.5
31	30,000,000	Aug., 1931	Aug., 1938	5.5
32	—	Aug., 1932	Aug., 1939	6.0
33	20,000,000	Dec., 1932	Dec., 1939	5.5
34 A	7,150,000	Mar., 1933	Mar., 1943	4.2
34 B	2,550,000			5.5
35	30,000,000	May, 1933	May, 1940	5.0
36	35,000,000	Sept., 1933	Sept., 1943	4.5
37	50,000,000	Nov., 1933	Nov., 1945	4.5
38	30,000,000	Mar., 1934	Mar., 1646	4.5
39	15,000,000	Apr., 1934	Apr., 1948	4.5
40	30,000,000	May, 1934	May, 1946	4.5
41	40,000,000	Aug., 1934	Aug., 1949	4.5
42	15,000,000	Nov., 1934	Nov., 1948	4.3
43	30,000,000	Jan., 1935	Jan., 1948	4.3
44	30,000,000	Mar., 1935	Mar., 1950	4.3
45	15,000,000	June, 1935	June, 1949	4.3
46	30,000,000	Aug., 1935	Aug., 1948	4.3
47	30,000,000	Oct., 1935	Oct., 1948	4.3
Electric Company's Loan	10,000,000	May, 1934	May, 1948	4.5
48	30,000,000	Feb., 1936	Feb., 1949	4.3
49	60,000,000	May, 1936	May, 1949	4.3
50	35,000,000	June, 1936	June, 1949	4.2
51	50,000,000	Sept., 1936	Sept., 1949	4.1
52	10,000,000	Sept., 1936	Sept., 1950	4.1
53	70,000,000	Sept., 1936	Sept., 1950	4.1
54	50,000,000	Apr., 1937	Apr., 1950	4.1
55	6,000,000	Sept., 1937	Sept., 1947	4.1
Total	¥797,950,000			

No. 3 S. M. R. Capital Outlay

(1) Capital Outlay for the Fiscal Year 1937

(Ending on March 31, 1938)

	Fiscal Year 1937	1907–1937
Railways	¥11,385,364 (22.6%)	¥317,465,694 (37.2%)
Hotels	143,661 (0.3%)	5,247,262 (0.6%)
Harbors	2,145,449 (4.3%)	110,239,050 (12.9%)
Coal Mines	20,328,856 (40.4%)	137,260,163 (16.1%)
Shale Oil Plant	3,234,423 (6.4%)	12,752,549 (1.5%)
Coal Liquefaction Plant	4,063,228 (8.1%)	5,301,833 (0.6%)
Local Public Works	3,818,276 (7.6%)	181,874,201 (21.4%)
Others	5,187,756 (10.3%)	82,578,935 (9.7%)
Total	¥50,280,013 (100%)	¥852,719,687 (100%)

(2) Comparative Growth of Capital Outlay: 1907–1937

At the end of Fiscal Year	Amounts	At the end of Fiscal year	Amounts
1907	¥106,570,675	1930	¥742,069,207
1910	183,803,107	1935	802,940,465
1915	242,463,425	1936	833,923,819
1920	430,691,247	1937	852,719,687
1925	598,725,860		

No. 4 Receipts and Expenditures

(1) Receipts and Expenditures for the Fiscal Year 1937

	Receipts	Expenditures	Balance
Railways	¥151,053,018	¥61,340,050	¥89,712,967
Hotels	2,180,424	2,203,119	−22,695
Harbors	17,724,066	12,773,071	4,950,995
Coal Mines	91,176,954	80,671,886	10,505,067
Shale Oil Plant	8,516,864	7,029,613	1,487,251
Industrial Exploitation	952,705	8,329,486	−7,376,781
Local Public Works	9,062,822	20,085,268	−11,022,446
General Affairs	40,652,015	40,841,716	−189,701
Interest	33,729,272	47,844,435	−14,115,162
Total	¥355,048,139	¥281,118,645	¥73,929,495

(2) Comparative Growth of Receipts and Expenditures

Fiscal Years	Receipts	Expenditures	Balance
1907	¥12,543,116	¥10,526,531	¥2,016,585
1920	174,738,287	147,346,303	27,391,985
1930	180,104,063	166,430,601	21,673,462
1935	¥302,158,850	¥252,534,708	¥49,624,142
1936	299,044,498	248,870,527	50,173,971
1937	355,048,139	281,118,645	73,929,495

No. 5 Railway Receipts and Expenditures

(1) Railway Receipts and Expenditures

Fiscal Years	Receipts	Expenditures	Balance
1907	¥9,768,887	¥6,101,615	¥3,667,272
1920	85,316,806	36,760,264	48,556,452
1930	95,330,730	36,768,576	58,562,154

Fiscal Years	Receipts	Expenditures	Balance
1935	¥134,686,176	¥50,655,794	¥84,030,382
1936	133,482,466	53,885,245	79,597,221
1637	151,053,018	61,340,050	89,712,967

(2) Passenger Traffic

Fiscal Years	Passenger Traffic	Passenger Receipts
1907	1,512,231	¥3,594,239
1920	8,123,411	14,659,337
1930	8,115,808	11,461,175
1935	15,122,922	22,412,222
1936	15,749,786	22,302,299
1937	17,515,044	24,877,527

(3) Freight Traffic

Fiscal Years	Freight Traffic	Freight Receipts
1907	1,343,493 Tons	¥6,160,274
1920	9,211,944	63,867,030
1930	15,193,272	77,936,688
1935	20,980,701	103,362,261
1936	21,365,653	103,165,249
1937	24,331,393	115,558,375

(4) Principal Freight Goods Hauled

(In the Fiscal Year 1937)

Articles	Tons	Percentage
Soya Beans	2,125,644	8.7
Kaoliang	280,710	1.2
Maize	235,020	1.0
Millet	145,187	0.6
Miscellaneous Grains	697,081	2.9
Lumber	175,342	0.7
Coal	9,505,205	39.1
Ores	588,205	2.4
Stone and Gravel	212,654	0.9
Salt	328,885	1.4
Cement and Lime	503,539	2.1
Flour	272,283	1.2
Bean-Cakes	204,965	0.8
Steel and Iron Products	206,432	0.8
Miscellaneous Goods	6,861,894	28.2
Total	22,343,049	91.8
Company's Freight	1,988,349	8.2
GRAND TOTAL	24,331,393	100.0

No. 6 Receipts and Expenditures for Hotels

Fiscal Years	Receipts	Expenditures	Balance
1907	¥59,393	¥90,220	−30,827
1920	1,556,055	1,723,810	−167,755
1928	Under independent management during three years.		
1929			
1930			
1935	3,215,464	3,309,076	−93,612
1936	2,180,429	2,229,511	−49,082
1937	2,180,424	2,203,119	−22,695

No. 7 Receipts and Expenditures for Harbors

Fiscal Years	Receipts	Expenditures	Balance
1907	¥572,493	¥560,151	¥12,342
1920	7,303,912	7,867,180	−563,268
1930	8,558,705	6,737,631	1,821,075
1935	14,393,971	10,798,621	3,595,350
1936	15,228,736	11,282,301	3,946,435
1937	17,724,066	12,773,071	4,950,995

No. 8 Receipts and Expenditures for Collieries

Fiscal Years	Receipts	Expenditures	Balance
1907	¥1,484,291	¥931,214	¥553,005
1920	64,774,820	58,707,244	6,067,576
1930	62,441,161	60,627,989	1,813,172
1935	92,559,842	79,862,281	12,697,561
1936	87,943,845	75,693,508	12,250,337
1937	91,176,954	80,671,886	10,505,067

No. 9 Receipts and Expenditures for Shale Oil Plant

Fiscal Years	Receipts	Expenditures	Balance
1930	¥2,615,400	¥2,582,832	¥32,568
1935	6,962,095	5,910,853	1,051,242
1936	7,956,833	7,034,883	921,950
1937	8,516,864	7,029,613	1,487,251

No. 10 Libraries

(1) Regular Libraries

(At the end of November, 1937)

Number of Libraries	29
Number of Books	566,782
Number of Books Read in a Year	727,431
Number of Readers in a Year	489,389

(2) Circulating Libraries

(At the end of March, 1938)

Number of Books Circulated in a Year	9,500
Number of Readers	5,652

No. 11 Hospitals

(1) Number of Hospitals

	At the end of November, 1937	At the end of March, 1938
Hospitals	29	87
Sanatorium	1	1
Total	30	88

(2) Number of Patients

	From April to November, 1937	From December, 1937 to March, 1938
Patients Treated	1,376,516	862,553
Patients Accommodated	496,170	315,994
Total	1,872,686	1,178,547
Daily Average	7,675	9,740

No. 12 Personnel

(At the end of March, 1937)

(1) Number of S. M. R. Employees

S. M. R. Regular Employees	124,231
Other Employees	106,834

(2) Nationalities of Regular S. M. R. Employees

Japanese	62,950
Chosenese	3,604
Taiwanese	7
Manchoukuoans	56,846
Russians	824
Total	124,231

(3) Salaries Paid by the S. M. R.

(Unit: 1,000 Yen)

Regular Salaries	86,939
Other Personnel Expenses	26,524
Total	113,463

(4) General Railway Directorate Employees and Expenses

Number of Employees	123,104
Regular Salaries	M¥ 63,942,000
Other Personnel Expenses	M¥ 4,279,000

No. 13 S. M. R. Employees' Cooperative Society

(Unit: Yen)

Fiscal Years	Members	Stores	Receipts			Expenditures			Profits
			Sales	Others	Total	Purchases	Expenses	Total	
1919	26,842	30	2,952,431	7,967	2,960,398	2,680,880	272,303	2,953,184	7,214
1930	24,306	65	9,212,081	139,915	9,351,996	8,120,181	1,018,871	9,139,052	212,944
1935	41,257	70	19,860,200	118,504	19,978,704	17,309,251	2,200,821	19,510,072	468,632
1936	46,428	73	21,565,692	125,212	21,690,903	18,602,116	2,337,392	20,939,508	751,396
1937	48,971	74	25,684,945	183,207	25,868,152	22,461,826	2,860,690	25,322,516	545,635

No. 14 Subsidiary Companies

S. M. R. Subsidiary Companies in which the Company holds the entire stock number 13 at the end of December, 1938, as follows:

Names	Year of Establishment	Authorized Capital
Manchuria-Chosen Lumber Co., Antung	1919	¥ 1,500,000
Docks and Iron Works Co., Dairen	1937	4,500,000

Names	Year of Establishment	Authorized Capital
Nippon Paraffin Co., Dairen	1929	¥ 2,000,000
Dairen Ceramic Co., Dairen	1925	600,000
Dairen Kisen Kaisha, Dairen	1915	25,700,000
Nippon-Manchuria Storage Co., Tokyo	1929	15,000,000
International Express Co., Dairen	1926	5,000,000
Fukusho Labor Supply Co., Dairen	1926	1,800,000
Dairen Urban and Interurban Transit Co., Dairen	1926	5,000,000
Kochukoshi, Ltd., Dairen	1937	10,000,000
Dairen Agricultural Co., Dairen	1929	10,000,000
Manchuria Reality Co., Dairen	1937	10,000,000
Harbin Proprietary Co., Harbin	1920	500,000
Total		¥ 91,600,000

No. 15 Affiliated Enterprises

Affiliated Enterprises in which the Company holds part shares:

Classifications	Number	Total Capital	S. M. R. Shares
Forestry	2	¥ 9,800,000	¥ 3,694,000
Mining	6	45,800,000	8,940,000
Industrial	18	332,050,000	73,365,000
Commercial	12	18,315,000	7,292,000
Communication, and Publicity	3	58,000,000	7,148,000
Gas and Electrical	2	170,000,000	46,321,000
Transportation, Express, Warehousing	4	73,470,000	3,450,000
Development, Colonization	5	95,100,000	15,160,000
Reality, Building, Engineering	4	16,150,000	7,036,000
Hotel, Miscellaneous	2	1,025,000	521,000
Total	58	¥ 819,710,000	¥ 172,928,000

II STATISTICS ON MANCHURIA

(For complete figures to 1935, see Fifth Report, Appendix II)

No. 1 Population in Manchuria

(1) Population of Manchoukuo by Provinces

(December 31, 1937)

Provinces	Manchurians	Japanese	Chosenese	Others	Total
Kirin	5,121,521	25,598	76,129	310	5,223,558
Lungkiang	2,488,272	13,836	6,121	941	2,509,170
Heiho	58,342	1,521	858	785	61,506
Sankiang	1,192,467	9,340	22,525	219	1,224,551
Mutankiang	544,977	22,372	66,214	3,807	637,370
Pinkiang	4,438,469	32,971	36,194	37,803	4,545,437
Chientao	158,331	13,037	473,526	126	645,020
Tunghua	718,274	2,795	75,710	9	796,788
Antung	2,161,963	19,374	44,228	95	2,225,963
Fengtien	9,110,271	180,382	99,896	1,433	9,391,982
Chinchou	4,157,127	16,534	16,822	78	4,190,561
Jehol	3,628,361	6,367	870	66	3,635,664
West Hsingan	513,916	612	805	22	515,355
South Hsingan	818,985	1,609	3,881	11	824,486
East Hsingan	90,424	1,611	328	2,092	94,455
North Hsingan	55,458	4,565	320	16,608	76,951
Hsinking Special Municipality	261,691	65,235	7,032	734	334,692
Total	35,518,849	417,759	931,459	65,139	36,933,206

(Based upon the statistics compiled by the Statistics Bureau of the Manchoukuo Government)

(2) Population of Principal Cities

(December 31, 1937)

Cities	Manchurians	Japanese	Chosenese	Others	Total
Muken	610,085	83,542	16,914	1,133	711,085
Harbin	393,145	26,347	4,355	34,133	457,980
Hsinking	261,691	65,222	7,045	734	334,692
Antung	171,388	16,625	16,316	53	204,382
Yingkou	154,959	5,433	1,469	42	161,903
Kirin	107,639	12,556	2,267	124	122,586
Chinchou	98,986	8,649	562	21	108,218
Tsitsihar	90,210	7,085	527	353	98,175
Chiamussu	45,845	3,024	1,072	76	50,017
Chengte	36,480	3,404	472	7	40,363
Yenchi	14,256	2,346	11,348	45	27,995
Heiho	22,142	2,471	391	366	25,370
Hailar	16,505	2,278	187	2,660	21,630
Manchouli	4,272	1,010	43	1,766	7,091
Dairen	343,598	158,696	3,472	1,484	503,778

(Based upon the statistics compiled by the Statistics Bureau of the Manchoukuo Government. Dairen according to the Kwantung Bureau)

(3) Population of Kwantung Leased Territory

(As of December 31 each year)

Years	Manchurians	Japanese	Chosenese	Others	Total
1936	975,935	166,510	4,025	1,564	1,148,034
1937	1,009,870	174,587	3,917	1,629	1,190,003
1938	1,038,613	180,689	4,496	1,772	1,225,570

(Based upon the statistics compiled by the Kwantung Bureau)

No. 2 Manchoukuo's Budgets, 1937–1939

(A) General Accounts Budget

(Unit: Yuan)

REVENUE ESTIMATES

Classifications	4th Year Kangte (Jan.-Dec., 1937)	5th Year Kangte (Jan.-Dec., 1938)	6th Year Kangte (Jan.-Dec., 1939)
Ordinary:			
Taxes and Duties	**153,029,000**	**172,956,824**	**203,293,000**
Customs Revenue	89,658,000	96,447,824	107,551,000
Internal Revenue	63,371,000	76,509,000	95,742,000
Stamp Revenue	**9,097,032**	**9,887,890**	**14,986,598**
Monopoly Profits	**44,367,752**	**52,325,370**	**76,607,944**
Revenues from State Industries and Other Sources	**5,138,020**	**5,165,224**	**4,949,953**
Total	**211,631,804**	**240,335,308**	**299,837,495**
Extraordinary:			
General	**5,047,152**	**4,701,877**	**14,641,330**
From Special Accounts	**21,003,860**	**46,517,815**	**68,898,830**
Surplus from Previous Year	**10,415,944**	**13,000,000**	**20,000,000**
Total	**36,466,956**	**64,219,692**	**103,540,160**

EXPENDITURE ESTIMATES

Jurisdictions	4th Year Kangte (Jan.-Dec., 1937)	5th Year Kangte (Jan.-Dec., 1938)	6th Year Kangte (Jan.-Dec., 1939)
Imperial Household	**2,100,000**	**2,100,000**	**2,100,000**
Ordinary	2,100,000	2,100,000	2,100,000
General Affairs Board	**38,865,829**	**103,178,004**	**131,381,258**
Ordinary	10,210,659	33,703,570	49,149,952
Extraordinary	28,655,170	69,474,434	82,231,306
Dept. of People's Welfare (Civil Affairs to 1937)	**63,965,953**	**14,941,415**	**19,225,832**
Ordinary	28,201,547	7,671,707	10,352,420
Extraordinary	35,764,406	7,269,708	8,873,412
Dept. of Foreign Affairs	**1,616,011**	—	—
Ordinary	1,262,690	—	—
Extraordinary	353,321	—	—
Dept. of Public Peace (Defence to 1937)	**80,170,141**	**111,904,659**	**137,861,713**
Ordinary	43,210,197	67,310,011	82,839,546
Extraordinary	36,959,944	44,594,648	54,822,167
Dept. of Finance and Commerce	**27,693,800**	**27,051,260**	**35,672,585**
Ordinary	13,379,341	14,943,135	16,002,614
Extraordinary	14,314,459	12,108,125	19,669,971
Dept. of Industry	**8,508,499**	**12,041,976**	**20,879,259**
Ordinary	3,427,544	5,859,251	5,700,502
Extraordinary	5,080,955	6,182,725	15,178,759
Dept. of Communications	**5,146,225**	**21,797,596**	**44,006,769**

Jurisdictions	4th Year Kangte (Jan.-Dec., 1937)	5th Year Kangte (Jan.-Dec., 1938)	6th Year Kangte (Jan.-Dec., 1939)
Ordinary	855,258	1,274,788	3,789,898
Extraordinary	4,290,967	20,522,808	40,216,871
Dept. of Justice	**9,996,871**	**11,540,090**	**12,450,239**
Ordinary	8,890,882	10,796,609	12,098,905
Extraordinary	1,105,989	743,481	351,334
Dept. of Education	**5,697,925**	—	—
Ordinary	4,807,553	—	—
Extraordinary	890,372	—	—
Dept. of Mongolian Administration...	**4,337,506**	—	—
Ordinary	2,766,772	—	—
Extraordinary	1,570,734	—	—
Total	**248,098,760**	**304,555,000**	**403,377,655**

(B) Special Accounts Budgets

(Unit: Yuan)

REVENUE ESTIMATES

Classifications	4th Year Kangte (Jan.-Dec., 1937)	5th Year Kangte (Jan.-Dec., 1938)	6th Year Kangte (Jan.-Dec., 1939)
General Affairs Board:			
Loan Adjustment Fund	120,628,873	96,940,487	116,423,565
State Loans	110,735,000	266,916,000	396,428,000
Supplies	7,272,867	17,244,188	77,072,789
Capital Construction Bureau	5,231,847	2,147,403	3,199,687
Provincial Finance Fund	—	42,700,000	37,575,400
Officials' Mutual Relief	—	2,043,655	2,093,735
Scientific Research Fund	—	2,166,249	4,848,806
Pension Fund	—	—	5,618,039
Dept. of Public Peace: (Defence to 1937)			
Army Clothing Factory	4,622,600	7,403,180	8,566,621
Arsenal	3,300,000	12,328,630	15,723,140
Horse Race	2,673,823	4,352,289	5,925,684
Dept. of Finance and Commerce:			
State Properties Adjustment Fund...	5,010,995	5,732,994	10,551,781
Investments	91,448,316	326,214,654	280,327,347
Monopoly Projects	113,248,504	158,751,349	195,904,337
Railway Loans	48,709,462	14,777,837	8,280,450
Dept. of Industry:			
State Forestry Project	14,112,871	25,964,294	74,467,899
Gold Refining Project	1,500,000	4,478,107	—
Hydro-Electric Power Project	3,151,000	16,382,174	30,566,273
Colonization Project	—	—	42,313,841
Dept. of Communications:			
Postal Administration	5,898,249	12,024,987	14,824,980
Postal Life Insurance	—	989,449	3,066,071
River and Irrigation Project	—	1,800,000	4,967,949
Dept. of Justice:			
Prison Administration	5,414,622	7,578,902	13,075,881
Total	542,959,029	1,128,936,828	1,351,822,275

EXPENDITURE ESTIMATES

Jurisdictions	4th Year Kangte (Jan.-Dec., 1937)	5th Year Kangte (Jan.-Dec., 1938)	6th Year Kangte (Jan.-Dec., 1939)
General Affairs Board:			
Loan Adjustment Fund	120,628,873	96,940,487	116,423,565
State Loans	110,735,000	366,916,000	396,428,000
Supplies	7,155,402	17,044,303	76,577,789

Jurisdictions	4th Year Kangte (Jan.-Dec., 1937)	5th Year Kangte (Jan.-Dec., 1938)	6th Year Kangte (Jan.-Dec., 1939)
Capital Construction Bureau	5,231,847	2,147,403	3,199,687
Provincial Finance Fund	—	42,700,000	37,575,400
Officials' Mutual Relief	—	1,407,169	2,093,735
Scientific Research Fund	—	2,166,249	4,848,806
Pension Fund	—	—	3,769,468
Dept. of Public Peace: (Defence to 1937)			
Army Clothing Factory	4,757,930	7,480,301	8,668,177
Arsenal	3,300,000	12,328,630	15,723,140
Horse Race	1,310,933	2,301,568	2,865,569
Dept. of Finance and Commerce:			
State Properties Adjustment Fund...	4,144,364	5,121,577	10,551,781
Investments	91,448,316	326,214,654	280,327,347
Monopoly Projects	78,889,518	122,778,130	139,535,569
Railway Loans	48,709,462	14,777,837	8,280,450
Dept. of Industry:			
State Forestry Project	14,112,871	24,443,437	74,251,165
Gold Refining Project	1,500,000	5,388,068	—
Hydro-Electric Power Project	—	16,381,831	30,566,273
Colonization Project	—	—	42,313,841
Dept. of Communications:			
Postal Administration	5,898,249	12,024,987	14,824,980
Postal Life Insurance	—	630,985	1,393,102
River and Irrigation Project	—	1,800,000	4,967,949
Dept. of Justice:			
Prison Administration	5,114,622	7,578,902	13,075,881
Total	506,086,364	1,088,572,518	1,288,261,674

(For reorganization of the administrative departments in 1937, see above, Section 2)

No. 3 Money and Banking

(1) THE CENTRAL BANK OF MANCHOU

(Unit: 1,000 Yuan)

(A) General Balance Sheets: 1936-1938

I. ASSETS

Account	Dec., 1936	Dec., 1937	Dec., 1938
Capital Unpaid	15,000	15,000	15,000
Advances to Government	61,700	36,855	109,493
Loans	19,696	34,581	49,075
Loans on Mortgage	63,918	63,730	76,681
Overdrafts	46,689	67,570	163,401
Bills Discounted, etc.	5,357	9,834	21,347
Deposits with Other Banks	183,658	159,036	17,675
Collateral Securities for Pay Acceptance	36	50	10
Short-term Advances	2,187	5,567	2,797
Various Securities	88,588	194,135	323,950
Bullions, Deposits, etc.	43,424	54,012	107,605
Bank Properties	19,111	20,719	19,784
Cash on Hand	8,972	7,469	6,995
Total	558,336	668,558	913,813

II. LIABILITIES

Account	Dec., 1936	Dec., 1937	Dec., 1938
Capital Subscribed	30,000	30,000	30,000
Legal Reserve	2,080	2,880	3,780

Account	Dec. 1936	Dec. 1937	Dec. 1938
Government Notes Issued	254,243	307,490	425,738
Government Deposits	113,576	133,095	164,631
Fixed Deposits	19,646	14,709	15,718
Current Deposits	36,105	65,677	107,630
Special Current Deposits	11,843	19,180	29,358
Deposits at Notice	34,139	10,388	10,988
Special Deposits	10,272	22,530	58,524
Loans by Government	16,000	14,000	12,000
Deposits from Other Banks	328	823	6,553
Bills of Exchange	2,397	9,005	8,650
Pay Acceptance	36	50	10
Suspense Receipt	26,111	37,007	37,260
Balance Carried Over	601	738	822
Net Profit for Year	959	986	2,151
Total	558,336	668,558	913,813

(B) Amount of Notes Issued and Specie Reserves: 1936–1938

(Unit: 1,000 Yuan)

Years	Amounts Issued	Specie Reserves	Percentage of Reserves	Security Reserves
Jan., 1936	170,564	98,591	57.8	71,974
Feb., „	178,491	97,059	54.4	81,433
Mar., „	169,714	103,407	60.9	66,306
Apr., „	155,720	106,241	68.2	49,479
May, „	139,515	97,173	69.6	42,342
June, „	133,865	94,952	70.9	38,913
July, „	131,978	93,864	68.8	38,114
Aug., „	135,139	92,481	68.4	42,658
Sept., „	145,421	99,174	68.2	46,247
Oct., „	165,054	108,276	65.6	56,778
Nov., „	205,460	136,809	66.6	68,650
Dec., „	254,243	177,181	69.7	77,062
Jan., 1937	239,293	164,075	68.6	75,217
Feb., „	216,858	145,828	67.2	71,030
Mar., „	223,755	153,166	66.8	70,589
Apr., „	207,646	140,977	67.9	66,669
May, „	183,718	124,204	67.6	59,514
June, „	178,728	118,034	66.0	60,694
July, „	180,613	119,812	66.3	60,802
Aug., „	181,482	121,097	66.7	60,386
Sept., „	193,083	129,497	67.1	63,586
Oct., „	219,183	146,965	67.0	72,218
Nov., „	268,594	180,999	67.4	87,595
Dec., „	307,490	208,097	67.7	99,393
Jan., 1938	294,371	195,797	67.6	98,575
Feb., „	282,261	174,362	61.8	107,899
Mar., „	284,265	177,352	62.4	106,912
Apr., „	277,444	168,678	60.8	108,765
May, „	268,666	162,254	60.4	106,411
June, „	274,634	159,301	58.0	115,333
July, „	274,173	161,593	58.9	112,581
Aug., „	276,190	158,729	57.5	117,461
Sept., „	279,899	146,517	52.3	133,382
Oct., „	293,923	147,444	50.2	146,480
Nov., „	350,653	175,134	49.9	175,519
Dec., „	425,738	216,309	50.8	209,428

(Based upon the statistics compiled by the Central Bank of Manchou)

(C) Amount of Coins Issued: 1936–1938

(Unit: Yuan)

Jan.,	1936	20,283,930	July,	1937	20,889,430
Feb.,	„	20,345,530	Aug.,	„	20,914,430
Mar.,	„	20,375,530	Sept.,	„	20,979,430
Apr.,	„	20,375,530	Oct.,	„	21,436,930
May,	„	20,375,530	Nov.,	„	22,051,930
June,	„	20,377,030	Dec.,	„	22,419,430
July,	„	20,377,030	Jan.,	1938	22,741,930
Aug.,	„	20,377,030	Feb.,	„	22,904,430
Sept.,	„	20,378,580	Mar.,	„	22,935,230
Oct.,	„	20,378,580	Apr.,	„	22,945,230
Nov.,	„	20,418,580	May,	„	22,996,749
Dec.,	„	20,448,580	June,	„	23,321,479
Jan.,	1937	20,473,580	July,	„	24,171,949
Feb.,	„	20,611,580	Aug.,	„	24,846,949
Mar.,	„	20,791,930	Sept.,	„	25,097,449
Apr.,	„	20,801,930	Oct.,	„	25,909,449
May,	„	20,811,930	Nov.,	„	26,447,869
June,	„	20,834,430	Dec.,	„	27,158,869

(Based upon the statistics compiled by the Central Bank of Manchou)

(2) RURAL CREDIT ASSOCIATIONS

(A) Rural Credit Associations: 1936–1938

(Unit: Yuan)

Years	Numbers	Members	Loans Advanced	Deposits Received
Jan., 1936	82	89,143	6,716,696	2,562,841
Feb., „	82	90,550	6,540,876	2,671,494
Mar., „	82	96,473	6,814,101	3,422,011
Apr., „	82	101,986	8,052,242	4,153,002
May, „	82	111,433	9,424,107	5,580,325
June, „	82	117,568	10,941,537	5,301,933
July, „	82	125,781	12,018,558	5,455,447
Aug., „	83	128,055	12,490,266	5,265,876
Sept., „	101	132,734	12,740,680	4,845,342
Oct., „	102	134,191	12,362,148	4,677,604
Nov., „	103	138,065	11,027,249	4,965,437
Dec., „	103	142,823	8,904,743	5,783,236
Jan., 1937	103	145,509	9,329,368	7,107,651
Feb., „	103	146,493	9,795,249	7,896,219
Mar., „	103	155,554	10,939,108	9,034,960
Apr., „	103	170,964	14,371,855	9,767,828
May, „	103	193,852	19,270,354	10,801,918
June, „	103	222,791	25,142,188	10,957,901
July, „	103	242,769	28,591,893	10,802,814
Aug., „	103	249,560	29,660,408	10,134,376
Sept., „	103	253,053	30,028,261	9,485,472
Oct., „	103	258,847	29,383,441	8,898,716
Nov., „	103	253,612	24,681,155	9,560,756
Dec., „	107	234,349	15,098,524	11,138,488
Jan., 1938	107	233,776	15,492,225	12,238,256
Feb., „	107	233,671	15,137,860	12,236,839
Mar., „	107	248,039	19,582,594	14,029,429
Apr., „	106	283,756	28,058,180	13,433,084
May, „	106	338,235	38,493,955	16,067,346
June, „	106	397,819	50,103,137	16,397,137
July, „	106	430,958	56,116,432	16,093,541

Years	Numbers	Members	Loans Advanced	Deposits Received
Aug., 1938	106	441,469	58,068,327	15,594,367
Sept., „	106	448,915	59,217,920	15,457,454
Oct., „	106	458,874	59,067,040	14,538,675
Nov., „	106	806,880	49,425,642	16,157,343
Dec., „	126	514,468	27,152,751	19,829,432

(B) Distribution According to Provinces

(December 31, 1938)

(Unit: Yuan)

Provinces	Numbers	Members	Loans Advanced	Deposits Received
Kirin	17	80,008	3,455,331	3,680,114
Lungkiang	18	70,080	4,166,516	2,085,505
Sankiang	6	12,682	758,386	1,017,509
Mutankiang	1	10,780	284,680	92,429
Pinkiang	18	81,567	4,671,280	2,028,508
Tunghua	5	10,725	546,549	210,752
Antung	6	16,714	569,157	690,771
Fengtien	23	124,047	4,817,987	5,591,003
Chinchou	11	63,865	1,990,995	1,676,460
Jehol	8	35,555	2,324,555	669,847
Hsingan	3	1,189	76,038	122,902
City Credit Associations	10	7,256	3,491,277	1,963,632
Total	126	514,468	27,152,751	19,829,432

(Based upon the statistics compiled by the Research Department of the Central Bank of Manchou)

No. 4 Foreign Trade of Manchoukuo

(1) Values of Foreign Trade: 1932–1938

(Unit: Yuan)

Years	Import	Export	Total	Balance
1932	337,672,748	618,156,837	955,829,585	+280,484,089
1933	515,832,425	448,477,605	965,310,030	−67,354,820
1934	593,562,248	448,426,567	1,041,988,815	−145,135,681
1935	604,149,359	421,077,753	1,025,227,112	−183,071,606
1936	691,830,312	602,758,989	1,294,589,301	−89,071,323
1937	887,411,696	645,297,656	1,532,709,352	−242,114,040
1938	1,274,747,601	725,454,449	2,000,202,050	−549,293,152

(2) Values of Total Exports and Imports: 1936–1938

(Unit: Yuan)

Export or Import	1936	1937	1938
Export:			
Export of Domestic Goods	528,616,536	562,672,492	665,817,420
Reexport of Foreign Goods	74,142,453	82,625,164	59,637,029
Total	602,758,989	645,297,656	725,454,449
Import:			
Import of Foreign Goods	691,830,312	887,286,830	1,274,738,619
Reimport of Domestic Goods	—	124,866	8,982
Total	691,830,312	887,411,696	1,274,747,601
Total Values of Export & Import	1,295,589,301	1,532,709,352	2,000,202,050
Excess of Import	89,071,323	242,114,040	549,293,152

(3) Total Values of Trade, 1936–1938: By Countries

(Unit: Yuan)

Countries	1936	1937	1938
Japan	744,842,858	904,317,741	1,304,027,710
Chosen	75,700,582	83,463,509	106,209,969
China	176,287,576	153,076,609	192,398,473
Russia	1,845,965	446,974	60,886
Hongkong	13,679,813	12,827,119	5,280,191
British India	29,916,349	45,755,825	30,648,946
Netherlands India	8,336,528	10,213,128	1,229,268
Great Britain	34,940,016	20,450,667	12,822,334
France	5,626,056	4,634,846	6,578,767
Germany	63,302,609	76,329,805	87,699,671
Belgium	1,972,399	5,265,600	5,465,094
Netherlands	7,702,930	18,097,312	8,800,064
Italy	2,007,079	3,707,811	5,850,146
U. S. A.	40,087,858	76,196,972	104,430,207
Others	88,351,685	117,525,434	128,700,314
Total	1,294,589,301	1,532,709,352	2,000,202,050

(4) Values of Exports and Imports, 1936–1938: By Countries

(Unit: Yuan)

Countries	1936		1937		1938	
	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.
Japan	237,508,643	507,324,215	277,087,993	627,229,748	367,706,593	936,321,117
Chosen	48,394,720	27,305,862	44,423,413	39,040,096	49,118,462	57,091,507
China	128,602,736	47,684,840	113,752,939	39,323,670	121,682,916	70,715,557
Russia	1,585,036	260,927	145,660	701,314	29,371	31,515
Hongkong	8,732,478	4,947,335	8,416,585	4,410,534	3,901,704	1,378,487
British India	1,681,465	28,223,884	132,239	46,623,586	46,121	30,602,825
Netherlands India	1,477,642	6,858,886	1,265,042	8,948,086	296,582	932,686
Great Britain	27,520,818	7,419,198	9,322,395	11,128,272	5,446,588	7,375,746
France	4,837,346	788,710	1,268,235	3,366,611	1,511,867	5,066,900
Germany	50,278,099	13,024,510	59,051,645	17,278,160	50,395,945	37,303,726
Belgium	953,180	1,019,219	1,272,904	3,992,696	983,165	4,481,929
Netherlands	7,071,648	631,282	16,570,020	1,527,292	8,000,771	799,293
Italy	382,792	1,624,287	2,644,028	1,063,783	3,457,060	2,393,086
U. S. A.	16,352,551	23,735,307	18,673,846	57,523,126	11,360,242	93,069,965
Others	67,369,835	20,981,850	91,270,712	26,254,722	101,517,062	27,183,262
Total	602,758,989	691,830,312	645,297,656	887,411,696	725,454,449	1,274,747,601

(5) Beans and Bean Products Exported: 1936–1938

(Unit: Yuan)

(A) SOYA BEANS

Countries	1936	1937	1938
Japan	62,911,982	78,939,077	74,509,000
Chosen	9,413,460	7,715,023	4,065,000
China	18,815,647	6,312,893	11,019,000
Germany	34,387,643	42,510,502	37,711,000
Great Britain	21,410,843	4,143,263	3,457,000
Egypt (to Europe)	50,557,990	76,118,615	92,856,000
Netherlands	2,325,631	3,000,476	2,093,000
Hongkong	1,740,728	1,197,205	1,150,000
Straits Settlements	1,622,564	1,602,381	3,000
Denmark	5,001,345	1,227,225	1,614,000

Countries	1936	1937	1938
Italy	8,736	1,089,699	3,143,000
Others	8,277,987	2,219,835	1,379,000
Total	216,474,556	226,076,194	234,263,000

(B) BEAN-CAKES

Countries	1936	1937	1938
Japan	41,390,947	48,658,656	62,775,000
Chosen	1,829,210	1,633,550	2,588,000
China	7,340,768	7,712,930	3,134,000
Germany	320,302	300,565	30,000
Netherlands	12,600	58,734	284,000
U. S. A.	1,610,115	2,896,361	774,000
Others	622,992	1,074,947	987,000
Total	53,126,934	62,335,743	70,575,000

(C) BEAN OIL

Countries	1936	1937	1938
Japan	411,719	196,009	83,000
Chosen	17,619	23,224	10,000
China	3,109,849	846,476	5,317,000
Hongkong	3,290,757	2,410,702	46,000
Great Britain	3,550,729	1,302,977	51,000
Germany	8,182,641	6,730,744	3,804,000
Netherlands	1,235,496	9,252,533	3,625,000
U. S. A.	859,667	2,197,061	157,000
Others	724,242	2,383,129	1,002,000
Total	21,382,719	25,342,855	14,099,000

(6) Values of Principal Articles Exported

(Unit: Yuan)

Articles	1936	1937	1938
Bristles	4,404,163	6,541,274	5,471,914
Soya Beans	216,474,556	226,076,194	234,263,340
Other Beans	14,838,428	12,541,819	15,286,626
Buckwheat	2,373,263	2,563,927	2,683,950
Kaoliang	11,726,465	9,843,121	18,845,746
Maize	6,995,450	8,525,859	18,328,485
Millet	18,318,478	14,196,991	20,260,226
Bean-Cakes	53,126,934	62,335,743	70,575,007
Bean Oil	21,091,362	25,342,831	14,099,414
Perilla Oil	6,764,310	9,314,604	4,646,137
Groundnuts	16,109,759	16,369,566	12,115,314
Castor Seeds	3,035,863	4,383,228	2,630,795
Hemp Seeds	3,597,399	2,269,209	3,305,453
Perilla Seeds	13,818,145	7,885,401	7,275,408
Sesamum Seeds	831,751	2,030,104	3,421,298
Coal	35,181,459	35,610,491	28,198,127
Wild Silk	6,118,319	8,385,885	11,118,690
Sheep's Wool	1,924,761	2,564,140	2,524,701
Cotton Yarn	6,189,066	4,468,231	665,075
Ores, Metals	18,598,953	23,613,885	60,354,934
Ammonia Sulphate	11,423,631	9,675,958	16,571,204
Salt	5,072,710	7,236,126	8,256,548

(7) Values of Principal Articles Imported

(Unit: Yuan)

Articles	1936	1937	1938
Cotton Piece Goods, Grey	32,048,120	42,771,052	33,983,111
Cotton Piece Goods, White or Dyed	40,769,121	44,435,528	30,691,976
Cotton Piece Goods, Printed	11,788,930	13,934,377	11,061,318
Cotton Piece Goods, Misc.	2,894,756	3,504,039	8,540,632
Raw Cotton	18,601,313	32,202,253	42,663,883
Cotton Yarns	7,698,579	10,740,379	5,482,181
Gunny Bags	14,024,752	19,273,736	20,909,887
Woolen Goods	24,720,584	35,900,864	23,345,191
Artificial Silk	15,801,090	2,129,976	38,564,915
Silk Piece Goods	35,647,213	30,574,447	
Copper Products	2,660,683	6,176,618	9,242,077
Iron and Steel Products	50,770,895	98,967,766	190,612,739
Machinery and Tools	38,917,649	65,900,611	121,500,810
Vehicles and Vessels	39,550,331	46,406,263	81,733,603
Electrical Appliances	21,682,443	34,014,327	39,767,207
Marine Products	12,004,344	20,584,738	22,985,279
Tea	3,732,382	4,120,420	6,227,779
Rice and Paddy	12,591,755	8,754,187	11,393,432
Wheat Flour	27,115,884	13,827,593	47,088,571
Sugar	22,426,980	30,917,586	35,778,943
Wines and Beverages	8,368,414	9,969,193	10,416,561
Tobacco	10,851,593	9,950,172	9,427,171
Paper and Paper Wares	24,251,387	34,423,027	57,742,360
Boots and Shoes	7,959,326	10,737,067	12,288,104

(Based upon the Foreign Trade Returns compiled by the Manchoukuo Department of Finance and Commerce)

No. 5 International Accounts of Manchoukuo: 1935–1937

(Unit: 1,000 Yuan)

	1935	1936	1937
I. Visible Foreign Trade:			
Exports	421,078	602,759	645,298
Imports	604,149	691,830	887,412
Total	1,025,227	1,294,589	1,532,710
Import Excess	183,072	89,071	242,114
II. Invisible Foreign Trade:			
Exports (receipts)	622,861	758,508	796,888
Imports (payments)	342,827	591,579	513,858
Total	965,688	1,350,087	1,310,746
Exports (receipts) Excess	280,034	166,929	273,030
III. Grand Total (Visible and Invisible Trade):			
Exports (receipts)	1,043,939	1,361,267	1,432,186
Imports (payments)	946,977	1,283,409	1,401,270
Exports (receipts) Excess	96,962	77,858	30,916
IV. Income Outside of Trade:			
A. Ordinary Receipts:			
1. Interests and dividends on foreign securities	4,378	2,736	3,408
2. Interests on deposits and loans abroad	4,658	7,369	7,589
3. Profit through overseas enterprises	663	1,817	1,352
4. Receipts from shipping	19,334	18,269	28,304
5. Receipts in connection with insurance	6,680	8,104	10,215
6. Receipts from foreigners in Manchoukuo	123,192	153,577	190,615
7. Other receipts by Manchoukuo Government	502	704	262
8. Others	3,674	3,680	8,248
Total	163,081	196,256	249,993

	1935	1936	1937
B. Extraordinary Receipts:			
1. Foreign Capital invested in Manchoukuo	404,030	495,126	476,943
2. Withdrawal of capital invested abroad	55,750	67,125	59,952
Total	459,779	562,252	536,895
Grand Total	622,861	1,361,267	1,432,186
V. Payments Outside of Trade:			
A. Ordinary Payments:			
1. Interests and dividends on Manchoukuo securities	72,841	36,194	89,585
2. Interests on foreign loans and deposits	7,730	8,456	12,577
3. Net income of foreign enterprises in Manchoukuo	11,076	86,194	98,585
4. Funds carried out or remitted by immigrants.	41,863	44,628	41,407
5. Payments in connection with shipping	4,055	4,421	7,297
6. Payments in connection with insurance	14,866	18,636	21,918
7. Amounts expended by Manchurians abroad	25,289	37,616	39,081
8. Other payments abroad by the Manchoukuo Government	1,549	27,834	19,705
9. Others	4,604	8,347	32,081
Total	183,873	244,855	283,162
B. Extraordinary Payments:			
1. Investments outside of Manchuria	72,704	64,791	106,853
2. Withdrawal of foreign capital invested in Manchoukuo	20,810	236,056	88,985
3. Others	65,440	45,877	34,857
Total	158,954	346,724	230,696
Grand Total	342,827	591,579	513,858

(Based upon the statistics compiled by the Manchoukuo Department of Finance and Economics)

No. 6 Agricultural Products: 1936–1938

	1936		1937		1938	
Products	Area Under Crop (Hectares)	Outputs (Met. Tons)	Area Under Crop (Hectares)	Outputs (Met. Tons)	Area Under Crop (Hectares)	Estimated Outputs (Met. Tons)
Soya Beans	3,468,498	4,147,266	3,590,894	4,173,078	3,614,300	4,185,774
Other Beans	378,174	340,774	375,761	316,817	355,906	305,053
Kaoliang	2,994,470	4,240,733	3,046,007	4,098,208	3,095,750	4,152,406
Millet	2,554,964	3,187,352	2,613,213	3,184,989	2,723,755	3,049,291
Maize	1,312,706	2,072,000	1,418,833	2,126,825	1,669,267	2,440,535
Wheat	1,094,476	959,042	1,216,142	1,079,183	1,085,261	854,326
Rice	175,220	442,215	210,909	523,709	244,079	577,765
Upland Rice	114,229	155,433	104,544	134,433	95,558	118,242
Others	983,052	1,093,101	1,036,608	1,039,636	1,012,816	1,002,218
Total	13,328,097	16,829,901	13,838,851	16,853,370	14,088,745	16,826,984

(Based upon the statistics compiled by the Manchoukuo Department of Industry)

No. 7 Live-Stock in Manchuria

(As of September, 1937)

Provinces	Cattle	Sheep	Goats	Pigs	Camels
Hsinking Special Municipality	537	112	2	5,436	—
Kirin	77,300	22,061	5,442	716,279	4
Lungkiang	118,059	53,568	12,546	644,399	9
Heiho	4,106	321	12	16,677	—
Sankiang	48,245	1,698	513	167,223	—
Mutankiang	17,152	1,400	962	66,666	—

Provinces	Cattle	Sheep	Goats	Pigs	Camels
Pinkiang	89,147	37,960	3,388	878,715	1
Chientao	53,408	958	203	93,084	—
Tunghua	19,157	351	1,097	68,126	—
Antung	118,697	176	7,757	252,787	—
Fengtien	158,443	29,472	16,636	1,073,199	4
Chinchou	97,406	196,347	85,196	562,795	22
Jehol	276,733	247,716	785,417	549,451	1,275
West Hsingan	183,104	147,911	182,647	53,289	1,670
South Hsingan	214,677	83,329	87,669	164,636	771
East Hsingan	11,708	1,328	110	17,296	—
North Hsingan	195,380	1,141,286	53,508	5,665	8,982
Total	1,683,259	1,965,994	1,243,105	5,335,723	12,738

(Based upon the statistics compiled by the Manchoukuo Department of Industry. The number of horses, mules, and donkies is not exactly known)

No. 8 Salt Industry

(1) Area of Salt Fields: 1936–1938

(Unit: Hectare)

Years	Kwantung Leased Territory: Japanese Management	Kwantung Leased Territory: Manchurian Management	Kwantung Leased Territory: Total	Manchoukuo	Total
1936	7,785	868	8,653	13,941	22,594
1937	8,155	868	9,023	13,941	22,964
1938	8,217	868	9,085	13,941	23,026

(2) Salt Outputs: 1936–1938

(Unit: Metric Ton)

Years	Kwantung Leased Territory	Manchoukuo	Total
1936	413,084	478,094	891,178
1937	429,187	405,524	834,711
1938	418,987	269,834	688,821

(Based upon the statistics compiled by the Fishery Section of the Kwantung Government and the General Monopoly Office of the Manchoukuo Government)

No. 9 Mineral Outputs

(Unit: Metric Ton)

Products	1934	1935	1936
Iron Ore	1,133,371	1,477,940	1,795,287
Pig Iron	475,826	607,949	647,402
Sulphuric Iron	4,250	5,115	5,798
Manganese Ore	703	599	280
Gold	—	—	—
Coal	10,618,961	11,186,632	12,082,468
Coke	521,253	666,844	711,712
Oil Shale	2,105,760	3,227,946	3,648,278
Crude Oil	58,238	120,299	123,320
Magnesite	100,329	225,654	191,568
Fire Clay	79,457	138,184	147,494
Soapstone (Talc)	49,894	69,818	80,326
Zechstein (Dolomite)	166,107	170,200	179,493
Limestone	419,033	650,602	1,001,726
Asbestos	119	70	69

Products	1934	1935	1936
Silicas	—	—	815
Felspar	—	—	1,403

(Based upon the statistics compiled by the Manchoukuo Department of Industry)

No. 10 New Corporations Established, 1936–1938

(1) Special Corporations

(Unit: 1,000 Yuan)

Names	Dates of Establishment	Authorized Capital	Paid-Up Capital	Head Office
Manchuria Salt Industry Co.	Apr., 1936	15,000	8,750	Hsinking
Man-Sen Colonial Development Co.	Sept., „	15,000	15,000	„
Manchuria Press Association	Sept., „	3,000	2,850	„
Manchuria Life Insurance Co.	Oct., „	3,000	1,500	„
Manchuria Weights and Measures Co.	Oct., „	3,000	1,500	„
Manchuria Aluminum Manufacturing Co.	Nov., „	50,000	37,500	Fushun
Industrial Bank of Manchou	Dec., „	30,000	15,000	Hsinking
Manchuria Book Co.	Apr., 1937	2,000	1,000	„
Manchuria Compound Fuel Co.	Aug., „	50,000	10,000	„
Manchuria Motion Picture Co.	Aug., „	5,000	2,850	„
Manchuria Yalu River Electric Power Co.	Aug., „	50,000	25,000	„
Manchuria Colonial Development Co.	Aug., „	50,000	30,000	„
Manchuria Industrial Development Co.	Dec., „	450,000	450,000	„
Manchuria Home Construction Co.	Feb., 1938	30,000	15,000	„
Manchuria Coal Liquefaction Co.	Feb., „	20,000	5,000	„
Manchuria Aircraft Manufacturing Co.	June, „	20,000	5,000	Mukden
Manchuria Electro-Chemical Industry Co.	Feb., „	30,000	7,500	Hsinking
Manchuria Staple Produce Co.	Dec., „	10,000	5,000	„
Total during 1936–1938:				
18 Companies		836,000	638,450	
Grand Total for 1932–1938:				
29 Companies		1,157,300	863,700	

(2) Semi-Special Corporations

(Unit: 1,000 Yuan)

Names	Dates of Establishment	Authorized Capital	Paid-Up Capital	Head Office
Manchuria Soda Co.	May, 1936	8,000	6,000	Hsinking
Nichi-Man Trading Co.	Oct., „	10,000	6,000	„
Jehol Mining Co.	July, 1937	1,000	600	„
Manchuria Live-Stock Co.	Aug., „	5,000	2,500	„
Kangte Mining Co.	Apr., 1938	3,000	3,000	„
Tungpientao Development Co.	Sept., „	30,000	10,200	„
Total during 1936–1938:				
6 Companies		57,000	28,100	
Grand Total for 1932–1938:				
12 Companies		442,990	286,790	

No. 11 Manchoukuo Postal Administration

(1) Number of Domestic Mails: 1935–1938

(A) ORDINARY MAILS

Years	Received	Delivered	Total
1935	100,956,354	151,795,711	252,752,065
1936	107,189,330	129,589,143	236,778,473
1937	124,293,844	145,820,507	270,114,351
1938	185,160,591	200.893,139	386,053,274

(B) PARCEL POSTS

Years	Received	Delivered	Total
1935	694,834	718,438	1,413,272
1936	645,258	745,559	1,390,817
1937	1,443,191	1,467,523	2,910,714
1938	1,109,595	1,399,336	2,508,931

(C) AIR MAILS

Years	Received	Delivered	Total
1935	635,632	843,572	1,479,204
1936	689,384	965,826	1,655,210
1937	633,182	649,241	1,282,423
1938	2,195,032	2,133,738	4,328,770

(2) Number of Foreign Mails: 1935–1938

(A) ORDINARY MAILS

Years	Received	Delivered	Total
1935	38,648,674	32,965,633	71,614,307
1936	45,143,919	41,732,370	86,876,289
1937	44,898,650	42,245,492	87,144,142
1938	127,836,761	147,443,843	375,280,604

(B) PARCEL POSTS

Years	Received	Delivered	Total
1935	446,113	113,027	559,140
1936	636,445	150,095	786,540
1937	841,504	317,867	1,159,371
1938	663,426	3,182,450	3,845,876

(3) Postal Savings: 1936–1938

(Unit: Yuan)

Years	Months	Amounts	Number of Persons	Amounts Per Capita
1936	Jan.	2,776,813	78,043	35.58
„	Feb.	3,123,400	84,374	37.02
„	Mar.	3,474,059	87,587	39.66
„	Apr.	3,824,945	88,719	43.11
„	May	4,276,787	89,354	47.86
„	June	4,729,297	91,612	51.62
„	July	5,358,048	97,855	54.75
„	Aug.	5,754,241	100,915	57.02
„	Sept.	6,087,586	101,875	59.76
„	Oct.	6,488,307	103,161	62.89
„	Nov.	6,725,491	103,139	65.21
„	Dec.	7,106,825	103,909	68.39
1937	Jan.	8,049,589	108,948	74.80
„	Feb.	8,669,216	121,995	71.07
„	Mar.	9,118,632	127,541	71.50
„	Apr.	9,949,508	126,875	75.29
„	May	10,463,769	133,877	78.16
„	June	11,340,814	148,681	76.28
„	July	12,196,668	161,942	75.32
„	Aug.	12,761,943	166,997	76.42
„	Sept.	13,310,959	174,688	82.05
„	Oct.	13,788,228	178,403	77.28
„	Nov.	14,569,452	185,590	78.50
„	Dec.	17,304,209	204,634	84.50
1938	Jan.	20,316,703	243,782	83.34
„	Feb.	22,520,288	270,639	83.21

Years	Months	Amounts	Number of Persons	Amounts Per Capita
"	Mar.	25,831,283	318,295	81.16
"	Apr.	28,274,090	345,800	81.76
"	May	31,830,745	385,164	82.64
"	June	35,788,564	410,868	87.10
"	July	38,247,503	439,279	87.07
"	Aug.	40,499,878	465,923	86.92
"	Sept.	42,746,754	504,033	84.81
"	Oct.	45,005,572	558,523	80.50
"	Nov.	47,401,097	606,060	78.20
"	Dec.	51,613,139	638,003	80.80

(4) Postal Money Orders: 1936-1938

(Unit: Yuan)

(A) ISSUED

		1936	1937	1938
Inland		15,790,392	37,060,959	74,461,749
Foreign	Japan	15,900,855	27,825,396	71,039,801
	China	5,200,850	5,000,823	1,344,545
	Others	316	409	168,101
Grand Total		36,892,413	69,887,587	146,514,196

(B) PAID

		1939	1937	1938
Inland		15,373,911	29,656,222	61,145,502
Foreign	Japan	4,578,006	8,026,154	18,130,316
	China	1,169,628	1,439,976	1,031,122
	Others	3,027	2,599	1,320,356
Grand Total		21,124,572	39,887,587	81,600,314

(5) Postal Life Insurance

(As of December, 1938)

Divisions	Number of Policies	Amounts of Policies	Monthly Instalments
Hsinking	53,813	8,306,715.1	52,158.9
Mukden	74,575	10,235,918.1	69,784.6
Harbin	50,014	6,880,725.2	46,547.5
Chinchou	17,005	1,898,349.5	12,284.7
Total	195,407	27,321,707.9	180,775.7

(Based upon the statistics compiled by the Postal Administration Bureau)

No. 12 Education

(1) Number of Educational Institutions

(At the end of 1938)

Provinces	Primary Schools	Boys High Schools	Girls High Schools	Normal Schools	Vocational Schools	Colleges	Normal College	University
Hsinking Special Municipality	52	2	1	—	—	2	—	1
Kirin	2,156	8	1	1	7	—	1	—
Lungkiang	1,044	6	3	1	3	—	—	—
Heiho	92	—	—	—	2	—	—	—
Sankiang	433	3	1	1	—	—	—	—
Mutankiang	243	1	1	1	—	—	—	—
Pinkiang	1,722	10	1	1	9	3	—	—
Chientao	322	3	2	1	—	—	—	—

Provinces	Primary Schools	Boys High Schools	Girls High Schools	Normal Schools	Vocational Schools	Colleges	Normal College	University
Tunghua	376	2	—	1	6	—	—	—
Antung	1,099	6	1	1	6	—	—	—
Fengtien	2,528	27	10	4	19	3	—	—
Chinchou	1,792	8	1	1	8	—	—	—
Jehol	1,424	4	1	1	2	—	—	—
West Hsingan	132	1	—	—	1	—	—	—
South Hsingan	328	1	—	—	2	—	—	—
East Hsingan	78	1	—	1	1	—	—	—
North Hsingan	65	2	—	—	—	—	—	—
Total	13,886	85	23	15	66	8	1	1

(2) Number of Students

(At the end of 1938)

Provinces	Primary Schools	Boys High Schools	Girls High Schools	Normal Schools	Vocational Schools	Colleges	Normal College	University
Hsinking Special Municipality	12,431	877	303	—	—	474	—	150
Kirin	157,317	2,478	823	331	674	—	525	—
Lungkiang	89,943	1,538	853	298	282	—	—	—
Heiho	5,630	—	—	—	157	—	—	—
Sankiang	39,428	593	47	143	—	—	—	—
Mutankiang	29,091	171	127	192	—	—	—	—
Pinkiang	146,754	3,596	1,095	394	633	1,290	—	—
Chientao	40,803	737	356	275	—	—	—	—
Tunghua	37,970	329	—	165	768	—	—	—
Antung	93,708	2,045	308	246	647	—	—	—
Fengtien	480,944	8,683	2,527	1,223	6,146	90	—	—
Chinchou	178,553	2,040	368	331	1,762	—	—	—
Jehol	77,424	675	126	240	248	—	—	—
West Hsingan	7,942	40	—	—	20	—	—	—
South Hsingan	23,744	288	—	—	372	—	—	—
East Hsingan	4,363	169	—	109	29	—	—	—
North Hsingan	3,760	131	—	—	—	—	—	—
Total	1,429,805	24,390	6,933	3,947	11,738	1,854	525	150

(Based upon the statistics compiled by the Bureau of Education)

No. 13 Chinese Coolie Immigration

(1) ARRIVALS

Years	Dairen	Yingkou	Antung	Shanhaikwan	Other Land Routes	Total
1936	145,603	86,686	18,354	101,452	6,027	358,122
1937	111,880	73,008	9,192	119,865	5,341	319,286
1938	187,856	71,872	13,493	209,233	9,922	492,376

(2) DEPARTURES

Years	Dairen	Yingkou	Antung	Shanhaikwan	Other Land Routes	Total
1936	126,607	62,221	18,204	159,729	—	366,761
1937	97,535	16,549	14,084	128,013	2,917	259,098
1938	112,825	17,829	7,803	108,636	5,702	252,795

(3) SETTLERS

Years	Arrivals	Departures	Gain or Loss
1936	358,122	366,761	−8,639
1937	319,286	259,098	+60,188
1938	492,376	252,795	+239,581

(Based upon the statistics compiled by the Tatung Kungssu)

III DOCUMENTARY MATERIAL

No. 1 Abolition of Extraterritoriality in Manchoukuo

(1) Japanese Government's Declaration on the Abolition of Extraterritoriality in Manchoukuo

August 9, 1935

1. It was made clear in the Imperial Rescript issued in March, 1933, in connection with our decision to withdraw from the League of Nations, and also in the Japan-Manchoukuo Protocol signed on September 15, 1932, that Japan's policy toward Manchoukuo is based on the principle of enabling that country to make wholesome progress as an independent state, while maintaining an inseparable and interdependent relationship with this country, thus advancing our national policy: to preserve the stability of Eastern Asia and to make known throughout the world our devotion to justice and righteousness.

Now, Manchoukuo has made steady and brilliant progress ever since its establishment. Internally, it has pursued constructive programmes along all lines—political, economic, administrative,—while externally it has striven to win the respect and confidence of the Powers. In the matter of extraterritoriality, Manchoukuo, following Japan's example, has been preparing for its abolition by setting up a judicial system and by effecting reforms in various departments, such as police and taxation. In fact, more than 8,000,000 yen is set aside in the budget of the Empire for the fiscal year 1934 for such purposes.

2. Japan has for many years enjoyed the privileges of extraterritoriality in Manchuria. Prior to the establishment of Manchoukuo, extraterritoriality was essential to the development of Japanese interests there. But extraterritoriality is gradually losing its importance which diminishes with the progress of the above-mentioned Japan's policy toward Manchoukuo. Indeed, it is now necessary to abolish extraterritoriality in Manchoukuo if we are to afford that Empire free scope for development, establish a closer union and co-operation between our two peoples, make possible the general advancement of Japanese interests in all directions, and, finally, strengthen permanently the inseparable and friendly relations between the two countries. The South Manchuria Railway Zone, acquired by us in consequence of a war with Russia on which we staked our national fortunes, has for the past thirty years been under our assiduous administration. It has served as the base of operations for Japanese activities in Manchuria. But it is now deemed necessary to adjust and transfer our administrative rights in that area for reasons involved in the abolition of extraterritoriality, in order to meet the new situation arising from the establishment of Manchoukuo.

3. For these reasons, at the Cabinet meeting of August 9th, the Japanese Government decided on the following general principles concerning the abolition of extraterritoriality and the adjustment and transfer of administrative rights in the South Manchuria Railway Zone, according to which the authorities concerned will be instructed to devise concrete measures and to put these gradually into effect.

a. Concerning extraterritoriality in Manchoukuo, its abolition should be effected in keeping with the spirit of the treaties in force, in gradual stages, and in accord with the degree of completion of the governmental systems and organs of Manchoukuo, but especially with a view to avoid any sudden and violent changes in the life of Japanese communities in Manchoukuo, to insure more securely for Japanese throughout that Empire facilities for residence and safety and free development, and, in particular, to facilitate the smooth operation of Japan's policy toward the Empire.

b. The South Manchuria Railway Zone will, of course, be retained by Japan as heretofore. But the Administrative rights exercised by Japan in the Zone will be adjusted and transferred, according to circumstances, keeping step with the gradual abolition of extraterritoriality, under similar considerations as above.

4. It should be added that Japan's rights in the leased territory of Kwantung are quite different from those in the South Manchuria Railway Zone in their legal origin, their character, and various other respects. Thus it goes without saying that the adjustment and transfer of administrative rights in the South Manchuria Railway Zone has no connection with Japan's rights in the Kwantung Leased Territory.

(2) Treaty between Japan and Manchoukuo Concerning the Residence of Japanese Subjects, Taxation, etc., in Manchoukuo

June 10, 1936

Whereas the Government of Japan, in accordance with the principle of the Protocol between Japan and Manchoukuo signed on the Fifteenth day of September of the Seventh Year of Showa, have, for the purpose of furthering the healthy development of Manchoukuo and also of promoting and perpetuating the intimate and inseparable relationship now subsisting between Japan and Manchoukuo, decided to abolish, by progressive stages, the right of extraterritoriality at present enjoyed in Manchoukuo by Japan, and to adjust and transfer the administrative rights over the South Manchuria Railway Zone; and

Whereas the Government of Manchoukuo, appreciating this decision by the Government of Japan, have, in return, recognized the necessity of ensuring and enhancing the common prosperity of Japanese and Manchoukuo subjects within the territories of Manchoukuo;

Now, therefore, with reference to the right of extraterritoriality and the administrative rights over the South Manchuria Railway enjoyed in Manchoukuo by Japan, the Government of Japan and of Manchoukuo have agreed as the first step as follows concerning the residence of, and the enjoyment of various rights and interests by, Japanese subjects, and the application of the laws and ordinances of Manchoukuo concerning taxation, industries, etc.

ARTICLE I. Japanese subjects shall be free within the territories of Manchoukuo to reside and travel and engage in agriculture, commerce and industry, and to pursue callings and professions, whether public or private, and shall also enjoy all the rights relating to land.

Japanese subjects shall not, in respect of the enjoyment of all rights and interests within the territories of Manchoukuo, be accorded less favourable treatment as that which is or may be accorded to the subjects of Manchoukuo.

ARTICLE II. Subject to the stipulations of the Supplementary Agreement to the present Treaty, Japanese subjects shall be governed within the territories of Manchoukuo by the provisions of the administrative laws and ordinances of Manchoukuo concerning taxation, industries, etc.

The Japanese Government agree that, subject to the stipulations of the aforesaid Agreement, the laws and ordinances of Manchoukuo mentioned in the preceding paragraph shall be in force within the South Manchuria Railway Zone on the principles of **statutas realia.**

In respect of the application of present Article, Japanese subjects shall not, under any circumstances, be accorded less favourable treatment than that which is or may be accorded to the subjects of Manchoukuo.

ARTICLE III. The stipulations of the preceding two Articles shall, in so far as they are applicable to juristic persons, apply to Japanese juristic persons.

ARTICLE IV. The stipulations of the present Treaty shall not prejudice the rights, privileges, immunities and exemptions of particular Japanese subjects or juristic persons based on the special engagements entered into between Japan and Manchoukuo.

ARTICLE V. The present Treaty shall come into force on the 1st of July, the Eleventh Year of Showa, corresponding to the 1st of July, the Third Year of Kangte.

ARTICLE VI. The present Treaty has been drawn up in the Japanese and the Chinese text, and, should any difference in interpretation arise between the two texts, the Japanese text shall prevail.

In witness whereof, the undersigned, duly authorized by their respective Governments, have signed the present Treaty and affixed their seals thereto.

Done at Hsinking, in duplicate, this Tenth day of the Sixth month of the Eleventh Year of Showa, corresponding to the Tenth day of the Sixth month of the Third Year of Kangte.

(L. S.) Kenkichi Uyeda,
Ambassador Extraordinary and
Plenipotentiary of Japan to
Manchoukuo.

(L. S.) Chang Yen-ching,
Minister for Foreign Affairs of
Manchoukuo.

(3) Supplementary Agreement to the Treaty between Japan and Manchoukuo Concerning the Residence of Japanese Subjects, Taxation, etc., in Manchoukuo

June 10, 1936

In signing today the Treaty between Japan and Manchoukuo concerning the Residence of Japanese Subjects, Taxation, etc., in Manchoukuo, the respective Plenipotentiaries of the two countries have agreed as follows:

ARTICLE I. The Government of Manchoukuo shall speedily take the necessary steps in order that the rights of "lease by negotiation" hitherto possessed by Japanese subjects shall, in accordance with the different natures of such rights, be converted into landownership or other rights relating to land, as the case may be.

ARTICLE II. The scope of the administrative laws and ordinances of Manchoukuo concerning taxation, industries, etc., which govern Japanese subjects under Article II of the Treaty and the manner of application thereof, shall previously be decided upon by consultation between the Japanese Ambassador Extraordinary and Plenipotentiary to Manchoukuo and the Minister for Foreign Affairs of Manchoukuo.

In case the Government of Manchoukuo intend to make any important alterations in respect of the laws and ordinances of Manchoukuo, which govern Japanese subjects under the stipulations of the preceding paragraph, they shall, until such time as Japanese subjects come within the jurisdiction of the Law Courts of Manchoukuo, obtain the previous approval of the Japanese Ambassador Extraordinary and Plenipotentiary to Manchoukuo.

The laws and ordinances of Manchoukuo, whereon a dicision by consultation shall be made immediately after the coming into force of the Treaty in accordance with the stipulations of the first paragraph of this Article, shall in the main be confined to laws and ordinances relating to land tax, immovable-property contract tax, business tax, juristic person's business tax, crop-output tax, timber tax, mining tax, mining registration tax, alcoholic drinks tax, cigarette tax, consolidated taxes, commercial registration tax, patent registration tax, utility-model registration tax and local taxes; and to administrative laws and ordinances relating to industrial property, weights and measures, measurement, mining, markets, stock-farming, finance and monopoly.

In levying upon Japanese subjects business tax and juristic person's business tax of the various taxes enumerated in the preceding paragraph, and house tax and household income tax in the category of local taxes, the Government of Manchoukuo shall, for the time being after the coming into force of the Treaty, apply reduced rates in accordance with a decision to be previously made by consultation between the Japanese Ambassador Extraordinary and Plenipotentiary to Manchoukuo and the Minister for Foreign Affairs of Manchoukuo; and, of local taxes, additional business tax shall be based on the amount of tax assessed at such reduced rates. It is provided that the reduced rates to be applied immediately after the coming into force of the Treaty shall be one-fourth of the original rates in respect of business tax, household income tax and the house tax levied on individuals, and one-third of the original rates in respect of juristic person's business tax and the house tax levied on juristic persons.

ARTICLE III. The application and execution, in respect of Japanese subjects, of the laws and ordinances of Manchoukuo, which govern Japanese subjects under Article II of the Treaty, shall, in so far as such application and execution require judicial procedure, be effected by Japanese Consular Officers until such time as Japanese subjects come within the jurisdiction of Law Courts of Manchoukuo.

In cases referred to in the preceding paragraph, Japanese Consular Officers shall, subject to the general rules and principles of Consular jurisdiction, apply the relevant laws and ordinances of Manchoukuo. It is provided that, of the punishments provided for in such laws and ordinances, "yu-chi-tu-hsing" shall be regarded and applied as "cho-eki" (imprisonment with hard labour) or "kin-ko" (imprisonment without hard labour); "chu-i" as "cho-eki" (imprisonment with hard labour), "kin-ko" (imprisonment without hard labour) or "koryu" (detention); "fachin," as "bakkin" (fine) or "karyo" (administrative penalty); and "kuo-tai-chin," as "ka-ryo" (negligence penalty).

In case a fine, an admistrative penalty or a negligence penalty is imposed or an article is confiscated, in accordance with the stipulations of this Article, the proceeds of such fine, administrative penalty and negligence penalty and the confiscated articles shall come into the possession of the Treasury of the Government of Manchoukuo.

ARTICLE IV. In accordance with an agreement with the Government of Manchoukuo to be made separately from the present Treaty, the Government of Japan shall abolish or transfer, not later than the 31st of December, the Twelfth Year of Showa, corresponding to the 31st of December the Fourth Year of Kangte, the administrative police existing within the territories of Manchoukuo; and, of the laws and ordiances of Manchoukuo mentioned in Article II of the Treaty, those which concern taxation and those which have a special bearing upon administrative police within the South Manchuria Railway Zone shall not, until the aforesaid abolition or transfer of administrative police within the territories of Manchoukuo is effected, be put in force within the said Zone. The scope of those laws and ordinances of Manchoukuo which, as above referred to, have a special bearing upon administrative police within the South Manchuria Railway Zone shall previously be decided upon by consultation between the Japanese Ambassador Extraordinary and Plenipotentiary to Manchoukuo and the Minister for Foreign Affairs of Manchoukuo.

The Government of Manchoukuo shall, in view of the stipulations of the preceding paragraph, perfect their police system and make the preparations necessary for taking over the Japanese institutions and staffs concerned.

Until the transfer of administrative police within the South Manchuria Railway Zone is effected and, in order to ensure the equality of the incidence of taxation upon Japanese subjects residing within and without the said Zone, the Japanese Government shall levy within this Zone, from the date of the coming into force

of the Treaty, taxes which are as far as possible the same as the national taxes imposed by Manchoukuo upon Japanese subjects.

The Government of Manchoukuo shall not levy local taxes within the South Manchuria Railway Zone, until after the institutions of the South Manchuria Railway Company concerning public works, education, sanitation, etc., existing within the said Zone shall have been disposed of in accordance with an agreement to be reached between the Governments of Japan and Manchoukuo apart from the present Treaty.

ARTICLE V. Simultaneously with the coming into force within the South Manchuria Railway Zone of the laws and ordinances of Manchoukuo under Article II of the Treaty, the Government of Manchoukuo shall take over, in the condition then existing, the Japanese institutions and staffs concerned, in accordance with a decision to be previously made by consultation between the Japanese Ambassador Extraordinary and Plenipotentiary to Manchoukuo and the Minister for Foreign Affairs of Manchoukuo.

ARTICLE VI. If any Japanese subject makes a complaint against the administive measure taken by the competent authorities of Manchoukuo with reference to the laws and ordinances of Manchoukuo which govern Japanese subjects under Article II of the Treaty, the Government of Manchoukuo shall take appropriate steps to redress the grievance.

ARTICLE VII. Matters which have been decided upon by consultation between the Japanese Ambassador Extraordinary and Plenipotentiary to Manchoukuo and the Minister for Foreign Affairs of Manchoukuo, and also matters in respect of which the approval of the said Japanese Ambassador has been obtained by the Government of Manchoukuo, in accordance with the stipulations of the present Agreement, shall each be made known in the Official Gazettes of Japan and of Manchoukuo.

ARTICLE VIII. The present Agreement shall come into force simultaneously with the Treaty.

In witness whereof, the Plenipotentiaries of Japan and of Manchoukuo have signed this Agreement and affixed their seals thereto.

Done at Hsinking this Tenth day of the Sixth month of the Eleventh Year of Showa, corresponding to the Tenth day of the Sixth month of the Thiad Year of Kangte.

(S. L) Kenkichi Uyeda,
Ambassador Extraordinay and
Plenipotentiary of Japan to
Manchoukuo.

(L. S.) Chang Yen-ching,
Minister for Foreign Affairs of
Manchoukuo.

(4) Argeed Terms of Understanding between the Plenipotentiaries of Japan and Manchoukuo, with Reference to the Treaty between the Two Countries Concerning the Residence of Japanese Subjects, Taxation, etc., in Manchoukuo, and also to the Supplementary Agreement to that Treaty

June 10, 1936

I. Ad Article I of the Treaty:

In case a Japanese subject desires to acquire any right concerning land in an unopened Mongol region, he shall be required to obtain the permission of the competent authorities of Manchoukuo.

II. Ad Article II of the Treaty:

1. In view of the fact that within the territories of Manchoukuo Japanese Communities are carrying on educational work for Japanese subjects, the Government of Manchoukuo shall, in accordance with a decision to be made by consultation between the Japanese Ambassador Extraordinary and Plenipotentiary to Manchoukuo and the Minister for Foreign Affairs of Manchoukuo, pay each year a share of the expenses of educational work for Japanese subjects within the territories of Manchoukuo.

2. The Government of Manchoukuo shall further improve the existing system of taxation.

3. The Government of Manchoukuo shall, in applying the laws and ordinances of Manchoukuo which govern Japanese subjects under Article II of the Treaty, take the steps necessary for the protection of the rights or interests which Japanese subjects now enjoy under the laws and ordinances of Japan, or by usage.

III. Ad Article II of the Supplementary Agreement to the Treaty:

The imposition and collection of consumption tax on articles produced within and consumed without the South Manchuria Railway Zone, and also on articles produced without and consumed within the said Zone, be decided upon by consultation between the competent authorities of Japan and of Manchoukuo.

Done at Hsinking this Tenth day of the Sixth month of the Eleventh Year of Showa, corresponding to the Tenth day of the Sixth month of the Third Year of Kangte.

(5) Treaty between Japan and Manchoukuo Concerning the Abolition of Extraterritoriality in Manchoukuo and the Transfer of the Administrative Rights over the South Manchuria Railway Zone

November 5, 1937

(*Tentative Translation*)

Whereas the Government of Japan, in accordance with the principle of the Preamble to the Treaty between Japan and Manchoukuo concerning the Residence of Japanese Subjects, Taxation, etc., in Manchoukuo signed on the Tenth Day of the Sixth Month of the Eleventh Year of Showa, corresponding to the Tenth Day of the Sixth Month of the Third Year of Kangte, and having regard to the results of the operation of the said Treaty and also to the improvements introduced into the laws and ordinances and the various systems of Manchoukuo, have decided completely to abolish the right of extraterritoriality at present enjoyed in Manchoukuo by Japan and entirely to transfer the administrative rights over the South Manchuria Railway Zone; and

Whereas the Government of Manchoukuo, in response to this decision by the Government of Japan, are now in a position to afford, in the spirit in which their Empire was founded, all the necessary guarantees for further ensuring and enhancing the well-being and prosperity of Japanese subjects in Manchoukuo;

Now, therefore, with reference to the abolition of the right of extraterritoriality at present enjoyed in Manchoukuo by Japan and to the transfer of the administrative rights over the South Manchuria Railway Zone, the Governments of Japan and of Manchoukuo have agreed as follows to regulate the relations between the two countries:

ARTICLE I. The Government of Japan shall, in accordance with the stipulations of the Supplementary Agreements to the present Treaty, abolish the right of extraterritoriality at present enjoyed in Manchoukuo by Japan.

ARTICLE II. The Government of Japan shall, in accordance with the stipulations of the Supplementary Agreements to the present Treaty, transfer to the Government of Manchoukuo the administrative rights over the South Manchuria Railway Zone.

ARTICLE III. Subject to the stipulations of the Supplementary Agreements to the present Treaty, Japanese subjects shall be governed within the territories of Manchoukuo by the provisions of the laws and ordinances of that country.

With regard to the application of the stipulations of the preceding paragraph, Japanese subjects shall not, under any circumstances, be accorded less favourable treatment than that which is or may be accorded to the nationals of Manchoukuo.

The stipulations of the preceding two paragraphs shall, in so far as they are applicable to juristic persons, apply to Japanese juristic persons.

ARTICLE IV. Companies and other juristic persons which have been established under the laws and ordinances of Japan and which have, at the time of the coming into force of the present Treaty, head or principal offices within the territories of Manchoukuo shall, simultaneously with the coming into force of the present Treaty, be recognized as companies or other juristic persons of a nature similar or most closely analogous established under the laws and ordinances of Manchoukuo.

The Government of Manchoukuo shall recognize the establishment of companies and other juristic persons which have been established under the laws and ordinances of Japan and which have, at the time of the coming into force of the present Treaty, branch or subordinate offices within the territories of Manchoukuo.

ARTICLE V. The stipulations of the present Treaty shall not prejudice the rights, privileges, immunities and exemptions of particular Japanese subjects or juristic persons based on the special engagements entered into between Japan and Manchoukuo.

ARTICLE VI. The present Treaty shall come into force on the first of December, the Twelfth Year of Showa, corresponding to the first of December, the Fourth Year of Kangte.

ARTICLE VII. The present Treaty has been drawn up in Japanese and Chinese texts, and, should any difference in interpretation arise between the two texts, the Japanese text shall prevail.

In witness whereof, the undersigned, duly authorized by their respective Governments, have signed the present Treaty and affixed their seals thereto.

Done at Hsinking, in duplicate, this Fifth Day of the Eleventh Month of the Twelfth Year of Showa, corresponding to the Fifth Day of the Eleventh Month of the Fourth Year of Kangte.

(L. S.) Kenkichi Uyeda.
Ambassador Extraordinary and
Plenipotentiary of Japan to
Manchoukuo.

(L. S.) Chang Ching-hui,
Prime Minister of Manchoukuo.

(6) Supplementary Agreement "A"

November 5, 1937

In signing today the Treaty between Japan and Manchoukuo concerning the Abolition of Extraterritoriality in Manchoukuo and the Transfer of the Administrative Rights over the South Manchuria Railway Zone, the respective Plenipotentiaries of the two countries have agreed as follows:

CHAPTER I. Jurisdiction

ARTICLE I. The system of Consular Courts existing for Japanese subjects in Manchoukuo shall, simultaneously with the coming into force of the Treaty, cease to be in force, and thereafter Japanese subjects shall come within the jurisdiction of the Law Courts of Manchoukuo.

ARTICLE II. The Government of Manchoukuo engage to guarantee to the lives and property of Japanese subjects such judicial protection as conforms to international law and the general principles of law.

ARTICLE III. Contentious cases, civil and penal, and non-contentious cases which remain pending at the Consular Courts of Japan at the time of the coming into force of the Treaty, shall continue to be disposed of in pursuance of the procedure hitherto followed, and, for the purposes of that disposal, the jurisdiction of the Consular Courts of Japan shall continue to be in full force.

In all matters that relate to the cases to be disposed of under the preceding paragraph, the competent authorities of Manchoukuo shall afford aid on request by the competent authorities of Japan.

ARTICLE IV. With regard to criminal acts committed by Japanese subjects before the coming into force of the Treaty, the Law Courts of Manchoukuo are competent to try and decide cases concerning the said acts, only when such acts either contravene the penal laws and regulations of Japan in force at the time they were committed and also constitute punishable offences under the penal laws and regulations of Manchoukuo, or contravene those penal laws and regulations of Manchoukuo the application of which to Japanese subjects has been approved by Japan.

The Government of Manchoukuo engage not to punish more severely than under the laws and ordinances of Japan the criminal acts of Japanese subjects referred to in the preceding paragraph.

ARTICLE V. With regard to any of the offences under Articles 73 to 79, 81 to 89 and 197 of the Criminal Code of Japan, or under the Japanese Law for the Preservation of the Public Peace, which were committed by Japanese subjects within the territories of Manchoukuo before the coming into force of the Treaty, the Government of Manchoukuo shall deliver the offenders, together with the relevant evidence, to the Government of Japan.

ARTICLE VI. Those criminal cases in which searches are being made by Japanese Consular Officers at the time of the coming into force of the Treaty and which can be punished under the laws and ordinances of Manchoukuo shall, together with the relevant documents and evidence, be taken over by the competent authorities of Manchoukuo.

With regard to the cases taken over under the preceding paragraph, the Government of Manchoukuo shall recognize the procedure which was, before they were so taken over, fulfilled under the laws and ordinances of Japan in respect of accusation, prosecution, self-surrender and search, as having the same validity as if it were fulfilled under the laws and ordinances of Manchoukuo.

ARTICLE VII. The Government of Manchoukuo recognize the validity of the titles of debt drawn up under the laws and ordinances of Japan before the coming into force of the Treaty. The same shall apply to the titles of debt drawn up in respect of cases to be disposed of under the first paragraph of Article 3 of the present Agreement.

ARTICLE VIII. The Government of Manchoukuo shall recognize the registrations effected before the coming into force of the Treaty by Japanese Consular Officers under the laws and ordinances of Japan as having the same validity as if they were effected by the competent authorities of Manchoukuo under the laws and ordinances of that country.

CHAPTER II. Administration over the South Manchuria Railway Zone

ARTICLE IX. The Government of Japan shall, simultaneously with the coming into force of the Treaty, transfer to the Government of Manchoukuo administration relating to taxation, police, communications, etc., over the South Manchuria Railway Zone.

ARTICLE X. The Government of Manchoukuo engage, after the transfer of administration under the preceding Article, to take appropriate steps, in administraing the South Manchuria Railway Zone, to prevent interference with the advancement of general culture, the development of industries, etc.

ARTICLE XI. The taxes the imposition of which is within the rights of the

Government of Japan at the time of the transfer of the administration over the South Manchuria Railway Zone shall be levied and collected by the Government of Manchoukuo in accordance with a decision to be made by consultation between the Japanese Ambassador Extraordinary and Plenipotentiary to Manchoukuo and the Prime Minister of Manchoukuo.

In connection with the stipulations of the preceding paragraph, the Government of Manchoukuo shall deliver to the Government of Japan funds of an amount to be decided upon by consultation between the Japanese Ambassador Extraordinary and Plenipotentiary to Manchoukuo and the Prime Minister of Manchokuo.

Chapter III. Police and Other Administration

Article XII. Within the territories of Manchoukuo, the Government of Japan shall, simultaneously with the coming into force of the Treaty, cease to exercise police and other administration in respect of Japanese subjects, and thereafter they shall come within the jurisdiction of Manchoukuo in regard to such administration.

The Government of Manchoukuo engage, in exercising police and other administration in respect of Japanese subjects, to afford all possible guarantees for the protection of their lives and property.

Article XIII. Cases concerning police and other matters, which are being dealt with at the time of the coming into force of the Treaty by the competent authorities of Japan, shall, as a general principle, be taken over, together with the relevant documents, by the competent authorities of Manchoukuo.

Chapter IV. Administration concerning Shrines, Education and Military Matters

Article XIV. The Government of Manchoukuo agree that, within their territories after the coming into force of the Treaty, Japan or her subjects shall establish shrines under her own laws and ordinances, and her Government shall administer matters relating to such shrines.

Article XV. The Government of Manchoukuo, with regard to important matters connected with the educational administration to be exercised by them in respect of Japanese subjects, engage, for the time being, to act in accordance with a decision to be previously made by consultation between the Japanese Ambassador Extraordinary and Plenipotentiary to Manchoukuo and the Prime Minister of Manchoukuo.

The Government of Manchoukuo agree that, within their territories for the time being after the coming into force of the Treaty, Japan or her subjects shall, under her own laws and ordinances, open, conduct or control schools and other educational institutions, and her Government shall administer educational matters concerning her subjects, in accordance with a decision to be made by consultation between the Japanese Ambassador Extraordinary and Plenipotentiary to Manchoukuo and the Prime Minister of Manchoukuo.

Within the territories of Manchoukuo, the Government of Japan may, under her own laws and ordinances, establish School Associations, and the Federations of such Associations, of the status of public juristic persons, in order to cause them to open, conduct or control the schools and other educational institutions referred to in the preceding paragraph. The Government of Manchoukuo shall recognize the establishment of such Associations and Federations.

Article XVI. The Government of Manchoukuo agree that, within the territories of Manchoukuo after the coming into force of the Treaty, administration concerning military enlistment, service, muster and other military matters in respect of Japanese subjects shall be exercised by the Government of Japan.

Article XVII. Of the laws and ordinances of Japan to be applied under the present Chapter, those which are applicable through judicial procedure shall be applied by the judicial authorities of Japan.

Article XVIII. The Government of Manchoukuo engage to afford aid in the application, under the present Chapter, of the laws and ordinances of Japan, and,

for the purposes of affording that aid, to take the necessary steps in accordance with a decision to be made by consultation between the competent authorities of Japan and of Manchoukuo.

Chapter V. The Taking over of Institutions and Staffs

Article XIX. Along with the abolition of extraterritoriality and the transfer of the administration over the South Manchuria Railway Zone, the Government of Manchoukuo shall take over, as a general principle in the condition existing at the time of the coming into force of the Treaty, the Japanese institutions (including lands, buildings and accessory equipments) and staffs concerned, in accordance with a decision to be made by consultation between the Japanese Ambassador Extraordinary and Plenipotentiary to Manchoukuo and the Prime Minister of Manchoukuo.

Chapter VI. Miscellaneous Stipulations

Article XX. The Government of Manchoukuo shall recognize the approval, permission, licence and similar other administrative actions effected before the coming into force of the Treaty by the competent authorities of Japan under her laws and ordinances as having the same validity as if they were effected by the competent authorities of Manchoukuo under her laws and ordinances.

In case there is a difference between the laws and ordinances of Japan and those of Manchoukuo in the conditions required for the administrative actions referred to in the preceding paragraph, the Government of Manchoukuo may cause the persons who have obtained such administrative actions to conform, within a specified period of time, to the conditions prescribed by the laws and ordinances of Manchoukuo.

Article XXI. The Government of Japan shall deliver to the Government of Manchoukuo records, registers, drawings, papers and other things concerning the administration of justice, police, taxation, communications, etc., which are necessary for the operation of the present Agreement.

Article XXII. Details concerning the operation of the present Agreement shall, as occasion arises, be decided upon by consultation between the Japanese Ambassador Extraordinary and Plenipotentiary to Manchoukuo and the Prime Minister of Manchoukuo.

Article XXIII. The present Agreement shall come into force simultaneously with the Treaty.

In witness whereof, the Plenipotentiaries of Japan and of Manchoukuo have signed the present Agreement and affixed their seals thereto.

Done at Hsinking this Fifth Day of the Eleventh Month of the Twelfth Year of Showa, corresponding to the Fifth Day of the Eleventh Month of the Fourth Year of Kangte.

(L. S.) Kenkichi Uyeda,
Ambassador Extraordinary and
Plenipotentiary of Japan to
Manchoukuo.

(L. S.) Chang Ching-hui,
Prime Minister of Manchoukuo.

(7) Agreed Terms of Understanding between the Plenipotentiaries of Japan and of Manchoukuo with Reference to the Treaty between the Two Countries concerning the Abolition of Extraterritoriality in Manchoukuo and the Transfer of the Administrative Rights over the South Manchuria Railway Zone, and also to the Supplementary Agreement "A" to that Treaty.

November 5, 1937

I. Ad Article III of the Treaty and Article I of the Supplementary Agreement:

1. In matters relating to the personal status of Japanese subjects, the law Courts of Manchoukuo shall conform to the laws and ordinances of Japan.

2. The Government of Manchoukuo shall take the steps necessary for the protection of the rights and interests which, at the time of the coming into force of the Treaty, Japanese subjects enjoy under the laws and ordinances of Japan or by usage.

II. Ad Article IV of the Treaty:

1. The Government of Manchoukuo shall levy no charge whatever in recognizing the establishment of juristic persons under the present Article.

2. The Government of Manchoukuo shall safeguard the benefit of reduced rates of tax at present enjoyed by the juristic persons whose establishment has been recognized by them under the present Article.

III. Ad Article III of the Supplementary Agreement:

1. The cases to be disposed of under the first paragraph of the present Article include the subsequent procedure that occurs in connection with the cases dealt with by Japanese Consular Officers before the coming into force of the Treaty, or with the cases to be dealt with by Japanese Consular Officers under the first paragraph of the present Article.

2. The criminal cases that occur in connection with the judicial procedure to be fulfilled by Japanese Consular Officers under the first paragraph of the present Article shall be disposed of in the same way as the cases under the said paragraph.

IV. Ad Article VIII of the Supplementary Agreement:

With regard to registrations made under the laws and ordinances of Japan, the Government of Manchoukuo shall regard rights pertaining to immovable property as the similar or analogous rights, and trade-marks and managers as such respectively, under the laws and ordinances of Manchoukuo.

V. Ad Article IX of the Supplementary Agreement:

1. The Government of Manchoukuo shall, as a general principle, establish advisory bodies in places where Local Committees have hitherto existed, in order that the local authorities of that country can ascertain the opinions of residents within the South Manchuria Railway Zone in respect of such local administration as directly affects the welfare and interests of such residents.

2. The public imposts at present collected by the South Manchuria Railway Company within the Railway Zone shall be abolised simultaneously with the transfer of the administration over the said Zone.

VI. Ad Article XV of the Supplementary Agreement:

1. The educational administration mentioned in the first paragraph of the present Article refers, as a general principle, to that concerning primary education.

2. The Government of Manchoukuo shall as far as possible improve and replenish the system of primary education for Japanese subjects: as occasion arises, the Government of Manchoukuo shall grant a reasonable amount of subsidy to bodies conducting such educational work, and the Government of Japan shall also afford them financial assistance.

3. The Government of Manchoukuo shall, in accordance with a decision to be made by consultation between the Japanese Ambassador Extraordinary and Plenipotentiary to Manchoukuo and the Prime Minister of Manchoukuo, pay each year a share of the expenses of the educational work for Japanese subjects conducted by Japanese within the territories of Manchoukuo.

VII. Ad Article XVII of the Supplementary Agreement:

The judicial authorities of Japan referred to in the present Article are, for the time being, her Consular Officers.

VIII. Ad Article XIX of the Supplementary Agreement:

The Government of Manchoukuo shall, with regard to the institutions and staffs concerned, taken over by them under the present Treaty, take appropriate steps with a view to facilitating the disposal of business relating to the organization of the said institutions, the assignment of the said staffs, etc.

IX. Ad Article XX of the Supplementary Agreement:

The Government of Manchoukuo may cause Japanese subjects to have renewed by that Government the certificates of approval, of permission, of licence, etc., issued by the competent authorities of Japan before the coming into force of the Treaty, provided that the said Government shall levy no charge in connection therewith.

Done at Hsinking this Fifth Day of the Eleventh Month of the Twelfth Year of Showa, corresponding to the Fifth Day of the Eleventh Month of the Fourth Year of Kangte.

(L. S.) Kenkichi Uyeda,
Ambassador Extraordinary
and Plenipotentiary of
Japan to Manchoukuo.

(L. S.) Chang Ching-hui,
Prime Minister of Manchoukuo.

(8) Supplementary Agreement "B"

November 5, 1937

In signing today the Treaty between Japan and Manchoukuo concerning the Abolition of Extraterritoriality in Manchoukuo and the Transfer of the Administrative Rights over the South Manchuria Railway Zone, the respective Plenipotentiaries of the two countries have agreed as follows with reference to communication and allied business in Manchoukuo:

ARTICLE I. Of the communication business within the South Manchuria Railway Zone, that which relates to third countries shall be conducted and controlled by the Japanese Administrations until the time to be decided upon by consultation between the Japanese Ambassador Extraordinary and Plenipotentiary to Manchoukuo and the Prime Minister of Manchoukuo.

ARTICLE II. The Government of Japan may entrust to the Government of Manchoukuo the conduct of business of a kind which exists under the internal system of Japan but which does not exist under the internal system of Manchoukuo, and of other kind of business which is considered to be of special necessity. The kind and the scope of the business to be so entrusted shall be provided for in a business agreement to be concluded between the competent authorities of Manchoukuo and of Japan.

The Government of Manchoukuo shall, with all the attention required of a bona fide trustee, dispose of the business entrusted to them under the preceding paragraph, on behalf of the Government of Japan, in accordance with the provisions of her laws and ordinances.

The Government of Japan shall pay to the Government of Manchoukuo fees for the disposal of the business entrusted to the latter.

ARTICLE III. The currency to be used in connection with the business entrusted under the preceding Article shall be Manchoukuo currency.

The rate of exchange between Japanese and Manchoukuo currencies shall be decided upon by consultation between the competent authorities of Japan and of Manchoukuo.

ARTICLE IV. Matters relating to the operation of the present agreement shall be provided for in a business agreement to be concluded between the competent authorities of Japan and of Manchoukuo.

ARTICLE V. The Protocol of Signature attached to the Treaty between Japan and Manchoukuo concerning Postal Business signed at Hsinking on the twenty-sixth of December, the Tenth Year of Showa, corresponding to the twenty-sixth of December, the Second Year of Kangte, shall cease to be in force.

ARTICLE VI. The present Agreement shall come into force simultaneously with the Treaty.

In witness whereof, the Plenipotentiaries of Japan and of Manchoukuo have signed this agreement and affixed their seals thereto.

Done at Hsinking this Fifth Day of the Eleventh Month of the Twelfth Year of Showa, corresponding to the Fifth Day of the Eleventh Month of the Fourth Year of Kangte.

(L. S.) Kenkichi Uyeda,
Ambassador Extraordinary
and Plenipotentiary of
Japan to Manchoukuo.

(L. S.) Chang Ching-hui,
Prime Minister of Manchoukuo.

(9) Agreed Terms of Understanding between the Plenipotentiaries of Japan and of Manchoukuo concerning Commuication and Allied Business in Manchoukuo

November 5, 1937

I. The Government of Manchoukuo shall recognize the use of Japanese currency until the time to be decided upon by consultation between the competent authorites of Japan and of Manchoukuo.

II. The Competent authorities of Manchoukuo shall keep in close contact with the competent authorities of Japan with reference to the improvement and operation of the system and equipment concerning the business entrusted.

III. With regard to the business entrusted, the Government of Manchoukuo shall levy no public imposts or fees which are not at present imposed in Japan.

Done at Hsinking this Fifth Day of the Eleventh Month of the Twelfth Year of Showa, corresponding to the Fifth Day of the Eleventh Month of the Fourth Year of Kangte.

(L. S.) Kenkichi Uyeda,
Ambassador Extraordinary
and Plenipotentiary of
Japan to Manchoukuo.

(L. S.) Chang Ching-hui,
Prime Minister of Manchoukuo.

(10) Statement by Foreign Minister Koki Hirota of Japan on the Occasion of the Signing of the Treaty between Japan and Manchoukuo for the Final Abolition of Extraterritoriality

November 5, 1937

It is the basic policy of Japan to contribute toward world peace by ensuring the stability of East Asia and at the same time to promote the welfare of humanity through the firm establishment of international justice. Especially, it is the guiding spirit of our diplomacy, in carrying out this policy of Japan, to give substance to our claim of being the stabilizing force of East Asia, on the basis of our special and inseparable relationship with Manchoukuo.

The abolition of the rights of extraterritoriality which we have enjoyed in Manchoukuo and the transfer of our administrative rights in the South Manchuria Railway Zone constitute two most important steps, not only for the healthy development of Manchoukuo, our ally, but also for the enhancement of harmonious relations between the peoples of the two countries and the consolidation of their inseparable neighbourly relations. Accordingly, the Governments of Japan and Manchoukuo have taken deep interest in the solution of these problems ever since

the establishment of Manchoukuo as a State. In the light of the fact that history has shown the great difficulties in the way of abolishing extraterritorial rights wherever they exist, it is a matter for hearty congratulations that this epoch-making task has been accomplished in Manchoukuo in such a short period.

Despite the relatively brief passage of time since its establishment as a State, Manchoukuo has steadily advanced toward realization of its ideal of concord and harmony among the five races, as well as between Japan and Manchoukuo; furthermore, it has perfected to a remarkable degree a series of governmental systems and organs. The conclusion of the present treaty is, therefore, by no means fortuitous.

It may be noted that China, desiring the abolition of extraterritoriality and having exhausted all means of accomplishing this aim, remains practically in the same condition as it was 20 years ago. Moreover, in recent years, it has succumbed to the evil influence of Bolshevism and has rashly launched upon successive campaigns of anti-Japanism.

At this conjuncture, I rejoice at the conclusion of this treaty, which is truly one of great significance and an instrument calculated to strengthen the inseparable relations between Japan and Manchoukuo as the cornerstone of the peace of East Asia.

(11) Statement by the Japanese Foreign Office Spokesman

November 5, 1937

The Keynote of the Japanese Government's policy toward Manchoukuo lies in consolidating the inseparable relationship between Japan and Manchoukuo and in furthering the healthy development of Manchoukuo as an independent State. Accordingly this Government, in conformity with this basic policy, has been taking various measures for the strengthening of that immutable relationship, trusting that Manchoukuo will achieve a wholesome development through the perfection of its political, economic, financial and other organs of government, and that as a powerful State of East Asia, side by side with Japan, it will contribute toward ensuring peace of the Orient.

Therefore, deeming it appropriate to effect, as soon as circumstances permitted, the abolition or transfer of Japan's treaty rights in Manchoukuo such as her extraterritorial rights and her administrative rights in the South Manchuria Railway Zone, the Japanese Government decided upon its line of policy at a Cabinet meeting held on August 9, 1934. As the first step toward its realization, the treaty between Japan and Manchoukuo concerning the residence of Japanese subjects, taxation, et cetera, in Manchoukuo was concluded on June 10 of last year, by which instrument this Government recognized the partial application of the administrative laws and ordinances of Manchoukuo concerning taxation, industries, et cetera, to Japanese subjects residing in Manchoukuo.

Manchoukuo has since made strenuous endeavours toward the perfection of the necessary systems and organs and the completion of other preliminaries for the enforcement of complete abolition or transfer of our extraterritorial rights and our administrative rights in the South Manchuria Railway Zone. Its success in this regard has sufficiently fulfilled our expectations; while the actual results of the enforcement of the treaty signed on June 10 of last year have proved eminently satisfactory. Thus has been signed today a treaty between Japan and Manchoukuo regarding the abolition of extraterritorial rights and the transfer of administrative rights in the South Manchuria Railway Zone.

1. The present instrument consists of three parts, namely, the treaty itself, supplementary agreements A and B, and agreed terms of understanding (pertaining to the supplementary agreements A and B). Of these, the treaty provides for basic matters pertaining to the abolition of extraterritorial rights and to the transfer

of administrative rights in the South Manchuria Railway Zone; the supplementary agreement A, for matters pertaining to the manner and conditions of the abolition of extraterritorial rights and of the transfer of administrative rights in the South Manchuria Railway Zone; the supplementary agreement B, for matters pertaining to communications, and the agreed terms of understanding for matters of detail pertaining to these supplementary agreements.

2. Under the present treaty, extraterritorial rights and also administrative rights in the South Manchuria Railway Zone are in principle wholly abolished or transferred simultaneously with the coming into force of the treaty. Consequently, Japanese subjects in Manchoukuo are to be subject to the laws and ordinances, as well as to the jurisdiction of the Law Courts, of Manchoukuo. Japanese juridical persons who have head offices or principal offices within the territory of Manchoukuo also uniformly become juridical persons of Manchoukuo.

3. However, in carrying out such a far-reaching undertaking as the abolition of extraterritorial rights and the transfer of administrative rights in the South Manchuria Railway Zone, obviously there must be provided certain exceptions as measures of expediency, or as special measures concerning special matters. The present treaty contains accordingly various provisions of such nature, to wit, Article III of supplementary agreement A provides, as a transitional measure, that civil and penal cases and non-contentious cases pending in Japanese consular courts at the time of the coming into force of the treaty shall continue to be dealt with and disposed of by Japanese courts as hitherto. Other articles also contain various provisions relative to transitional measures. Moreover, as exceptional measures concerning special matters, Articles XIV, XV and XVI provide that shrines belonging to Japanese subjects in Manchoukuo, and the educational and military affairs of Japanese subjects there, shall continue to be administered by Japanese within certain specified limits, in view of the character of each of these matters as well as of circumstances attending Japanese subjects in Manchoukuo. As regards exceptional measures pertaining to the business of communication and business supplementary thereto, provisions therefor are contained in Articles I and II of supplementary agreement B.

4. For the protection of the legitimate rights and interests of Japanese subjects in connection with the abolition of extraterritorial rights and the transfer of administrative rights in the South Manchuria Railway Zone, the present treaty contains various provisions, of which the following are the principal:

(1) That the Manchoukuo Government shall accord to the persons and property of Japanese subjects judicial guarantees in conformity with international law and the general principles of jurisprudence (Article II of supplementary agreement A).

(2) That the Manchoukuo Government, in administering the South Manchuria Railway Zone, shall take appropriate steps in order not to impede the general cultural progress and industrial development of the area (Article X of supplementary agreement A).

(3) That the Manchoukuo Government shall accord all necessary guarantees for the protection of the persons and property of Japanese subjects in the administration of police and other affairs in their regard (Paragraph 2, Article XII of supplementary agreement A).

In short Japanese extraterritorial rights and administrative right in the South Manchuria Railway Zone are in principle either wholly abolished or transferred under the present treaty simultaneously with its coming into force. In the light of the fact that Manchoukuo ever since her establishment as a State has been diligently engaged in the task of perfecting her governmental systems and institutions and has been devoting her utmost efforts to the conduct of general administrative affairs, in the determination to leave nothing undone to enable her people to live in peace and happiness, the conclusion at this time of the present treaty is by no means a merely fortuitous matter.

It is a matter of profound significance for the firm establishment of the peace of East Asia that, when the situation there is so grave as at present, this treaty should have been signed, still further consolidating the inseparable relationship which exists between Japan and Manchoukuo.

(12) Statement by Premier Chang Ching-hui of Manchoukuo on the Occasion of the Signing of the Treaty Between Japan and Manchoukuo for the Final Abolition of Extra-Territoriality

November 5, 1937

The treaty which has just been concluded between Manchoukuo and Japan, together with that signed last year whereby Japan agreed to the observance by Japanese nationals in Manchoukuo of the laws governing taxation and business, is designed to carry out the final abolition of extraterritoriality enjoyed by Japan in this country and also the complete transfer of the administrative rights over the South Manchuria Railway Zone. This step has been actuated by the friendly desire of Japan to promote the healthy development of our State for which the Government of Manchoukuo express their profound gratitude.

The basis upon which our nation was founded rests upon the inseparable relationship with the Empire of Japan while the establishment of the State had for its ideal the realization of an earthly paradise according to the principles of "Wangtao" through the harmonization of five races. Accordingly, in obedience to the Imperial will that the Sovereigns of the two Empires shall be one in spirit, there is nothing in our administrative affairs in which our Government do not cooperate with that of Japan, while there is none in our nation who does not vow allegiance to the unity of spirit and virtue with Japan. With the signing now of the new treaty, the Japanese subjects will enjoy equal rights and be subject to equal obligations as our own nationals, sharing with us the same joys and sorrows. They will thus become in truth a component factor of our nation and will be enabled to endeavour for the realization of an ideal State in close harmony with the other racial components. The Government of Manchoukuo are, indeed, happy to note that the basis of the inseparable relationship between our two Empires has thus been cemented more firmly than ever.

Turning to the present state of affairs in China, our southern neighbour, it is apparent that its government are being trifled with, and bewitched by, the ghastly hands of the world Bolshevization policy. They are trampling in the mire the culture and happiness of Asia and are daring to create feuds among blood relations by inviting greedy and devilish forces, in consequence of which the Empire of Japan has been compelled to take up arms for the holy cause of purging Asia of its contamination. It is in this process of trial that the peoples of Asia must discover an occasion for a new birth. The fact that at such a moment the true import of the unity of spirit and virtue existing between Manchoukuo and Japan has been increasingly manifested and that the inseparable relationship between our two Empires has gained new lustre, must have a profound and important signification.

As regards the exercise of our right of sovereignty which has now been satisfactorily and completely restored, we shall, of course, give due respect to judicial powers, while in the matter of police and other administrative powers, we shall endeavour to execute them with the utmost diligence in comformity with the fundamental provisions of our national rule, bearing in mind the purport of the signing of the present treaty. In this way we hope to repay what we owe to the Japanese nation for its generous action.

The views and intentions of the Manchoukuo Government concerning the status in Manchoukuo of foreign nationals other than Japanese subjects were clarified by the Minister for Foreign Affairs on July 1st, 1936, and the Government take this

opportunity to announce further that whatever extraterritorial treatment which was accorded such foreigners in the past as a matter of favour will henceforth be discontinued. It goes without saying that in the application of the laws and regulations of Manchoukuo to the said foreign nationals, the Government will be guided by spirit of justice, fairness, aud conciliation, and it is, indeed, needless to state that due care shall be exercised for the protection of the legitimate rights of all foreign nationals.

No. 2 Foreign Trade Control Law

(1) Emergency Foreign Trade Control Law

Imperial Ordinance No. 135

Promulgated August 15, 1936

(*Unofficial Translation*)

ARTICLE I. In any of the cases mentioned hereinunder, the Government may, by designating goods and periods of time by the provisions of Imperial Ordinance, levy, in addition to the import duties as stipulated in the Import Customs Tariff Regulations or the export duties as stipulated in the Export Customs Tariff Regulations, import or export duties equivalent to or less than the value of the goods concerned, or reduce or exempt the import or export duties thereon, or prohibit or restrict the importation or exportation thereof:

1. When it is especially necessary for the adjustment or protection of foreign trade against measures which have been or which are about to be instituted by other nations;
2. When an urgent need to safeguard important domestic industries has arisen; and
3. When it is especially necessary for the regulation of the prices of daily necessities.

ARTICLE II. The Government may, in accordance with order issued, order the submission of reports on matters relating to the prohibition or restrictions enforced according to the preceding article, or may examine books and other documents relevant thereto.

ARTICLE III. A person who has imported or exported or has attempted to import or export goods in violation of the prohibition or restrictions enforced in accordance with Article I shall be punished with penal servitude not longer than two years or a fine not exceeding 5,000 yuan.

ARTICLE IV. A person who has failed to submit a report or reports in violation of the orders issued in accordance with the provisions of Article II or has made a false report or reports, or has refused the examination of his books or other documents, or has obstructed such examination by concealing his books or documents or making false statements or by any other means shall be punished with penal servitude not longer than six months or a fine not exceeding 1,000 yuan. This rule shall also apply to a person who enters a false statement in his written application for permission or other documents to be filed with the Government in conformity with orders issued under the present Law.

ARTICLE V. In case an employee or other operative commits in connection with his employer's business any of the acts coming under the penal regulations stipulated in the present Law, the empolyer, as well as the perpetrator of such act, shall be punished. In case, however, the employer is suffering from mental derangement or is a minor not possessing the same business ability as an adult, the legal representative or representatives of such person shall be punished.

ARTICLE VI. In case an employee or operative of a juridical person commits in connection with the business of the said juridical person any of the acts coming under the penal regulations stipulated in the present Law, the executive official or partner of such juridical person shall be punished, besides the perpetrator of such act.

In case an executive official or partner commits any of the acts mentioned in the preceding paragraph, such official or partner shall be punished.

ARTICLE VII. The penal regulations stipulated in the present Law shall be applicable to acts committed outside of the territory wherein the present Law is in force by persons having their residences within the said territory or by their employees or operatives. The same shall be applicable also to acts committed outside of the territory wherein the present Law is in force by the executive official or partner of a juridical person having its head office or its principal office of business within the said territory or by its employees or operatives.

Supplementary

The present Law shall come into force on the day of its promulgation.

(2) Regulations Concerning Import Restrictions Under Emergency Trade Control Law

Imperial Ordinance No. 136

Promulgated August 15, 1936

ARTICLE I. Persons desiring to import any of the following goods within one year from the date of enforcement of the present Regulations shall obtain the permission therefor of the Minister of Industry:

1. Wheat;
2. Wheat flour;
3. Wool;
4. Rice.

ARTICLE II. Matters necessary for the enforcement of the present Regulations shall be determined by the Minister of Industry through consultation with the Minister of Finance.

Supplementary

The present Regulations shall come into force on the day of their promulgation.

(3) Foreign Trade Control Law

Imperial Ordinance No. 445

Promulgated on December 9, 1937

(*Unofficial Translation*)

ARTICLE I. The Government shall have the right to designate commodities which, within a period of time determined by Imperial Ordinance, may be subjected to surtaxes equal to or less than the prices thereof in addition to import or export duties as stipulated in the Imperial Customs Tariff Law, or which may be exempted from import or export duties, or the import or export duties on which may be reduced, or whose exportation or importation may be restricted or prohibited, in case it is deemed particularly necessary to do so in order to regulate the demand and supply or the prices of staple goods.

ARTICLE II. The Government shall have the right to designate commodities whose exportation or importation may be restricted or prohibited in case it is deemed particularly necessary to do so in regulating foreign trade in order to balance international receipts and payments or regulate the trade balance with any specific country.

ARTICLE III. The Government shall have the right to designate commodities which, within a period of time determined by Imperial Ordinance, may be subjected

to import surtaxes equal to or less than the prices thereof in addition to the import duties as stipulated in the Import Customs Tariff Law, or whose exportation or importation may be restricted or prohibited.

ARTICLE IV. The Government shall have the right to order those engaged in the exportation or importation of the commodities in question or organize associations for the purpose of controlling exports or imports, or designate persons who may export or import the commodities in question, when it is deemed necessary to do so in connection with any measures to be taken under the provisions of the three foregoing articles. The Government shall also have the right to issue instructions necessary for controlling exports or imports to the associations organized or the persons designated under the provisions of the foregoing paragraph.

ARTICLE V. By order issued, the Government shall have the right to collect reports on matters relating to the restrictions and prohibitions which may have been ordered under the provision of the first three articles of the present Law or the right to send officials concerned to examine the books and other documents relevant thereto.

ARTICLE VI. Persons exporting or importing or attempting to export or import commodities in violation of the restrictions or prohibitions as stipulated in Articles I, II, or III shall be sentenced to imprisonment for less than two years or to fines less than 5,000 yuan. The commodities which have been or are to be exported or imported as described in the foregoing paragraph shall be subject to confiscation in case they are owned by or are in the possession of the persons in question; in case it is impossible to confiscate all or part of the commodities in question, the prices thereof may be collected as additional fines.

ARTICLE VII. Persons running against instructions issued under the provisions of Paragraph 2 of Article IV shall be sentenced to imprisonment for less than one year or to fines less than 1,000 yuan.

ARTICLE VIII. Persons failing to submit reports in defiance of the orders issued in accordance with the stipulations of Article V or submitting false reports or obstructing the examination of their books and other documents shall be sentenced to imprisonment for less than six months or to fines less than 1,000 yuan. Persons making false entries in the documents submitted to the Government in accordance with instructions issued under the provisions of Article I, II, or III shall also be subjected to the same punishment.

ARTICLE IX. In case employees and other operatives commit any of the acts violating the present Law in connection with the business of their employers, the employees and others in question shall be punished. In case, however, the empolyees are persons suffering from a mental derangement or those under age not possessing the same business ability as persons of full age, the legal representatives thereof shall be punished.

ARTICLE X. In case employees and other operatives of juristic persons commit any of the acts violating the present Law in connection with the business of their employers, the executive representatives or officials of juristic persons as well as the employees and others in question shall be punished. In case the executive representatives or officials of juristic persons commit any of the aforementioned acts, they shall be punished.

ARTICLE XI. In case the offenders of the legal representatives or officials of juristic persons to be punished under the provisions of Article IX or Paragraph 1 of the preceding Article have proved that there was no way to prevent the acts of offence in question, no punishment shall be meted out.

ARTICLE XII. The punishments as stipulated in the present Law shall be applicable to acts committed outside of the territory wherein the Law is to be enacted by persons having residences within the said territory or by their employees and other operatives. The same punishments shall also be applicable to acts committed outside of the territory wherein the Law is to be enacted by the executive representatives, officials, employees, or other operatives of juristic persons having headquarters or main business offices within the territory wherein the Law is to be enacted.

Supplementary

The present Law shall come into force from the date of its promulgation.

The Emergency Foreign Trade Control Law shall be abolished, but the said Law shall be applied to acts which ought to have been punished in accordance with the stipulations of the said Law before the coming into force of the present Law.

No. 3 Law Governing Succession to the Imperial Throne

Promulgated March 1, 1937

(*Unofficial Translation*)

ARTICLE I. The Imperial Throne of the Empire of Manchou shall be succeeded to by male descendants in the male line of the Emperor Kangte for ages eternal.

ARTICLE II. The Imperial Throne shall be succeeded to by the Imperial eldest son.

ARTICLE III. When there is no Imperial eldest son, the Imperial Throne shall be succeeded to by the Imperial eldest grandson. When there is neither Imperial eldest son nor any male descendant of his, it shall be succeeded to by the Imperial son next in age and by his descendants, and so on in every successive case.

ARTICLE IV. For succession to the Imperial Throne by an Imperial descendant, the one of full blood shall have precedence over descendants of half blood. The succession to the Imperial Throne by the latter shall be limited to those cases only, when there is no Imperial descendant of full blood.

ARTICLE V. When there is no Imperial descendant, the Imperial Throne shall be succeeded to by an Imperial brother and by his descendants.

ARTICLE VI. When there is no such Imperial brother nor descendant of his, the Imperial Throne shall be succeeded to by an Imperial uncle and by his descendants.

ARTICLE VII. When there is neither such Imperial uncle nor descendant of his, the Imperial Throne shall be succeeded to by next nearest member among the rest of the Imperial Family and by his descendants.

ARTICLE VIII. Among the Imperial brothers and the remoter Imperial relations, precedence shall be given, in the same degree, to the descendants of full blood over those of half blood, and to the elder over the younger.

ARTICLE IX. When the Imperial heir is suffering from an incurable disease of mind or body, or when any other weighty cause exists, the order of succession may be changed in accordance with the foregoing provisions with the advice of the Privy Council.

ARTICLE X. The order of succession to the Imperial Throne shall in every case relate to absolute lineage.

Supplementary

The present Law shall come into force on the day of promulgation.

No. 4 Law Controlling Important Industries

(1) Law Controlling Important Industries

Imperial Ordinance No. 66

Promulgated May 1, 1937

(*Unofficial Translation*)

ARTICLE I. A person desiring to engage in any of the important industries shall obtain permission therefor of the State Minister or Ministers concerned in accordance with orders issued.

The kinds of the important industries shall be determined by Imperial Ordinance.

ARTICLE II. A person engaged in any of the important industries shall submit to the State Minister or Ministers concerned a written statement of his business programme and a report on his business for each business year in accordance with orders issued.

ARTICLE III. The State Minister or Ministers concerned may issue to a person engaged in any of the important industries orders necessary for upholding the public interest or for exercising control in connection with such person's business.

ARTICLE IV. In case it is deemed especially necessary, the State Minister or Ministers concerned may cause a person engaged in any of the important industries to submit a report on the conditions of his business or property, or cause the officials concerned to conduct an examination of such person's safes, books and other documents or articles.

ARTICLE V. In any of the cases hereinunder mentioned, a person engaged in any of the important industries shall obtain permission of the State Minister or Ministers concerned in accordance with orders issued:

1. When the said person desires to enter into an agreement for effecting a control or revise or abolish such agreement;
2. When the said person desires to enlarge his equipment for production or effect a change therein;
3. When the said person desires to transfer to other persons the whole or part of his business;
4. When a merger is to be effected, in case the said person is a juridical person.

ARTICLE VI. In either of the cases hereinunder mentioned, a person engaged in any of the important industries shall report to the State Minister or Ministers concerned without delay:

1. When the said person has abolished or suspended the whole or part of his business;
2. When liquidation has been effected, in case the said person is a juridical person.

ARTICLE VII. When a person engaged in any of the important industries has violated the present Law or orders issued thereunder or dispositions made under such orders, the State Minister or Ministers concerned may cancel the permission mentioned in Article I.

ARTICLE VIII. When a person has engaged in any of the important industries without the permission of the State Minister or Ministers concerned, such person shall be punished with a fine not exceeding five thousand yuan (M¥ 5,000).

ARTICLE IX. When a person engaged in any of the important industries falls under either of the cases hereinunder mentioned, such person shall be punished with a fine not exceeding one thousand yuan (M¥ 1,000):

1. When the said person has violated the order issued by the State Minister or Ministers concerned in accordance with the stipulation of Article III;
2. When the said person has violated the stipulations of Article 5.

ARTICLE X. When a person has failed to submit the report ordered by virtue of the stipulation of Article IV or has made a false report or has refused, obstructed or evaded the examination mentioned in the same Article, such person shall be punished with a fine not exceeding three hundred yuan (M¥ 300).

ARTICLE XI. When a person has violated the stipulations of Article II or Article VI, such person shall be punished with a fine not exceeding one hundred yuan (M¥ 100).

ARTICLE XII. When an employee or an operative has committed in connection with his employer's business any act that falls within the purview of the penal regulations of the present Law, the employers, as well as the perpetrator of the act, shall be punished. In case, however, the employer is a sufferer from mental derangement or is a minor not possessing the same degree of business ability as an adult, his legal representative or representatives shall be punished.

ARTICLE XIII. When an employee or an operative of a juridical person has committed in connection with the business of the said juridical person any act that falls within the purview of the penal regulations of the present Law, the executive partner or official of such juridical person, as well as the perpetrator of the act, shall be punished.

In case an executive partner or official of a juridical person has committed any act mentioned in the preceding paragraph, such partner or official shall be punished.

ARTICLE XIV. In the cases of Article XII and paragraph 1 of the foregoing Article, when the principal, the legal representative, the partner or the official has proven that there was no means of preventing the act in question from being committed, such person shall not be punished.

Supplementary

The present Law shall come into force on the Tenth day of the Fifth month of the Fourth year of Kangte.

A person who is actually engaged in his business at the time of the coming into force of the present Law with a previous permission of the State Minister or Ministers concerned shall be regarded as having obtained permission under the present Law.

A person who is actually engaged in his business at the time of the coming into force of the present Law without the permission of the State Minister or Ministers concerned shall file a petition for the permission stipulated in the present Law within sixty (60) days from the date of enforcement of the present Law.

A person who has filed the petition mentioned in the foregoing paragraph may carry on his business as heretofore pending the receipt of the said permission.

(2) Matters Concerning the Enforcement of the Law Controlling Important Industries

Imperial Ordinance No. 67

Promulgated May 1, 1937

(*Unofficial Translation*)

ARTICLE I. The important industries as stipulated in paragraph 2 of Article I of the Law Controlling Important Industries shall be as follows:

Arms manufacturing industry;
Aircraft manufacturing industry;
Motor car manufacturing industry;
Liquid fuel (mineral oils and absolute alcohol) manufacturing industry;
Iron, steel, aluminium, magnesium, lead, zinc, gold, silver and copper refining industry (the wet process of refining gold or silver being excluded)
Coal mining industry (that producing less than 50,000 metric tons per annum being excluded);
Woollen textile manufacturing industry (that carried on by hand-looms being excluded);
Cotton spinning industry;
Cotton textile manufacturing industry (that carried on by hand-looms being excluded);
Hemp thread manufacturing industry (producing more than 50 metric tons per annum);
Hemp spinning and weaving industry (that carried on by hand-looms being excluded);
Flour milling industry (having a capacity for a daily production of more than 500 sacks);

Beer brewing industry;
Sugar refining industry;
Tobacco manufacturing industry (producing more than 10,000,000 cigarettes per annum);
Soda manufacturing industry (refining industry of natural soda being excluded);
Fertilizer (sulphate of ammonium, nitrate of ammonium, superphosphate of lime and calcareous nitrogen) manufacturing industry;
Pulp manufacturing industry;
Oil milling industry (carried on by the abstraction system or that equipped with more than 15 presses);
Cement manufacturing industry;
Match manufacturing industry.

ARTICLE II. The State Minister or Ministers concerned as referred to in the Law Controlling Important Industries shall be the Minister of Industry (within the jurisdiction of the Department of Mongolia Administration, the Minister of Mongolia Administration) and the Minister of Defence as regards arms and aircraft manufacturing industries; the Minister of Industry (within the jurisdiction of the Department of Mongolia Administration, the Minister of Mongolia Administration) and the Minister of Finance as regards liquid fuel and match manufacturing industries; and the Minister of Industry (within the jurisdiction of the Department of Mongolia Administration, the Minister of Mongolia Administration) as regards the other industries.

ARTICLE III. When the Minister of Industry (within the jurisdiction of the Department of Mongolia Administration, the Minister of Mongolia Administration) desires to collect reports or cause examinations to be conducted in connection with arms manufacturing industry by virtue of the stipulations of Article IV of the Law Controlling Important Industries, the said Minister shall consult in advance with the Minister of Defence.

Supplementary

The present Ordinance shall come into force on the day of enforcement of the Law Controlling Important Industries.

No. 5 Law Controlling Important Industries in the Kwantung Leased Territory

Imperial Ordinance No. 460

Promulgated on August 24, 1937

(*Unofficial Translation*)

ARTICLE I. This Law aims at the promotion of sound and smooth development of industry and economy in the Kwantung Leased Territory through the control of important industries.

ARTICLE II. The important industries covered by this Law are as follows:
Steel, aluminium, magnesium industries;
Motor-car, air-craft, arms, weights and measurements manufacturing industries;
Cotton, hemp, woollen spinning and textiles industries;
Flour-milling and vegetable oil-milling industries;
Petroleum, absolute alcohol, cement, salt, soda, sulphate of ammonium, gunpowder, match, and tobacco manufacturing industries.

The scope of the above-mentioned industries shall be defined by the Japanese Envoy Extraordinary and Ambassador Plenipotentiary to Manchoukuo.

ARTICLE III. A person desiring to engage in any of the important industries herein mentioned shall obtain permission in conformity with the regulations to be stipulated by the Japanese Ambassador.

ARTICLE IV. A person who is engaged in any of the important industries shall obtain permission in accordance with the regulations to be stipulated by the Japanese Ambassador, in any of the following cases:
(a) When the said person intends to enter into or revise a control agreement;
(b) When he intends to effect a change in his production equipment or capacity thereof;
(c) When he intends to transfer whole or part of his enterprise;
(d) When a juridical person intends to effect a merger.

ARTICLE V. A person engaged in the important industries shall submit a report on his project and/or his business at the end of each business year, in accordance with the regulations concerned. The same applies to a change of his project.

ARTICLE VI. In any of the following cases, a person engaged in the important industries shall report to the Japanese Ambassador to Manchoukuo without delay:
(a) Abolition of a control agreement;
(b) Discontinuance or suspension of whole or part of his business;
(c) Liquidation, in case the said person is a juridical person.

ARTICLE VII. The Japanese Ambassador to Manchoukuo may issue orders necessary for the supervision of the business of a person engaged in the important industries.

ARTICLE VIII. In case it is deemed necessary for the exercise of his supervising powers, the Japanese Ambassador may cause the officials concerned to conduct a search of the offices, factories, warehouses and other places of a person engaged in the important industries and/or examine the conditions of his business, property or accounts, documents and other things. In such a case, the officials shall carry identification cards.

ARTICLE IX. The Japanese Ambassador may, when he deems it not an impediment to the control of the important industries, exempt a person from part of the obligations provided in Article IV and V, in accordance with the regulations.

ARTICLE X. The Japanese Ambassador may suspend, restrict or cancel the permission granted under Article III, in case a person engaged in the important industries violates any of the Articles herein provided, or orders or disposition connected therewith.

ARTICLE XI. The Japanese Ambassador may, by order, delegate part of his power provided herein to the Governor of the Kwantung Leased Territory.

Supplementary

The date on which this Law comes into force shall be decided by the Japanese Ambassador. A person who is engaged in the important industries herein mentioned on the date when this Law takes effect shall be deemed as having obtained permission under the provisions of this Law. In case a person is a party to control agreements concerning the important industries at the time of the enforcement of this Law, he shall apply to the Japanese Ambassador for permission within thirty days after this Law comes into force, irrespective of the provisions under Article IV.

No. 6 Manchoukuo-German Trade Agreement

(1) Agreement Signed to Prolong Manchoukuo-German Trade Arrangement

May 21, 1937

The representatives of the competent authorities of Manchoukuo and Germany, having duly authenticated their powers, have this day agreed as follows:

1) The Arrangement for the Manchoukuo-German Trade of the thirtieth day of the fourth month of the third year of Kangte, corresponding to the 30th April,

1936, shall remain in force until the thirty-first day of the fifth month of the seventh year of Kangte, corresponding to the 31st May, 1940.

2) If, after the first day of the first month of the fifth year of Kangte, corresponding to the 1st January, 1938, one of the contracting parties should notify the other party of his wish for any alteration of the Arrangement, the other party shall agree to negotiate for that purpose. Should these negotiations fail to lead to an agreement within four months from the date on which the wish for an alteration has been communicated to the other party, then the party desiring the alteration may after due notice to the other contracting party terminate the Arrangement, which notification shall take effect on the first June following its issue.

3) For the purpose of renewing the Arrangement after the thirty-first day of the fifth month of the seventh year of Kangte, corresponding to the 31st May, 1940, the contracting parties shall enter into negotiations not later than the first day of the fourth month of the seventh year of Kangte, corresponding to the 1st April, 1940.

4) The present Agreement replaces Article XIV of the Arrangement for the Manchoukuo-German Trade of the thirtieth day of the fourth month of the third year of Kangte, corresponding to the 30th April, 1936.

Done in Berlin in duplicate this twenty-first day of the fifth month of the fourth year of Kangte, corresponding to the 21st May, 1937.

For the Competent Authorities of Manchoukuo
(L. S.) H. Kato

For the German Administration of Foreign Exchange
(L. S.) H. C. H. Wohlthat

(2) Manchoukuo-German Trade Agreement

September 14, 1938

(*Unofficial Translation*)

ARTICLE I. The Government of Germany shall admit the importation of products of Manchoukuo to the amount of 100 million yuan in value, calculated on the basis of c. i. f. prices, into Germany during the period of one year and shall grant exchange licences necessary therefor.

ARTICLE II. Payments in respect of importation as referred to in Article I shall be made as to three-fourths (75 million yuan) in foreign exchange and to one-fourth (25 million yuan) in Reichsmarks, the latter to be utilized for payments to be made in respect of products of Germany imported to Manchoukuo.

ARTICLE III. If, owing to unforeseen circumstances, the exchange situation in Germany should render it impossible for the German Government to make available foreign exchange to the amount of 75 million yuan as provided for in Article yuan as provided for in Article II during the period of one year, the amount of importation provided for in Article I may be reduced to not less than 65 million yuan in value, the payment of which shall be made as to three-fourths in foreign exchange and one-fourth in Reichsmarks.

In so far as the annual surplus of foreign exchange accruing to the Reichsbank from German trade with Japan exceeds the amount of 63,750,000 yuan, such excess shall be made available for additional German importation from Manchoukuo payable in foreign exchange beyond the amount provided for in the preceding paragraph and the importation against payment in Reichsmarks shall be increased by one-third of such excess.

ARTICLE IV. The Government of Manchoukuo shall take the necessary measures to ensure sufficient importation, calculated on the basis of c. i. f. prices, into Manchoukuo of products of Germany during the period of one year, to utilize the whole amount of Reichsmarks paid into a special account in accordance with Article II and Article III.

The Manchoukuo Government shall authorize the payments necessary therefor within due time or shall grant the necessary exchange licences.

ARTICLE V. The Government of Germany shall admit the importation of products of Manchoukuo, to a fixed amount, calculated on the basis of c. i. f. prices, during the period of one year, other than those mentioned on "A" list of products to be exchanged between the two countries.

The Government of Manchoukuo shall admit the importation of products of Germay to Manchoukuo to a fixed amount, calculated on the basis of c. i. f. prices, within the period of one year, other than those mentioned on "B" list of products to be exchanged between the two countries.

A list of the products and amount as referred to in the preceding paragraph shall be determined during the month of April, every year, for the next year between competent authorities of both countries. As to any revision thereof, competent authorities of both countries may enter into negotiations at any time.

ARTICLE VI. Both Governments in case they apply their existing embargoes or restrictions on exports and imports to other commodities shall pay proper consideration to each other's interests.

ARTICLE VII. Products of Germany shipped to Manchoukuo shall be accompanied by a copy of the invoice bearing a statement by the exporter to the effect that they are products of Germany and by a copy of the "A" Export-Declaration through which the Reichsbank is notified by the exporters of the amount of the products involved in accordance with the German regulations for the control of foreign exchange. These documents shall be presented to the Customs authorities of Manchoukuo. If the said Customs authorities handle any products of Germany unaccompanied by the "A" Export-Declaration, they shall notify the authorities of Germany of the name of the exporter, the description of the products and the invoice amount. The Customs authorities of Manchoukuo as referred to herein shall include the Customhouses of Manchoukuo in Dairen, Seishin, Rashin and Yuki.

ARTICLE VIII. Products of Manchoukuo shipped to Germany through a third country shall not come under the present arrangement, if the payments for such products are effected under a clearing or compensation arrangement between Germany and such third country.

ARTICLE IX. Private clearing transactions in trade between Manchoukuo and Germany require the approval of the authorities of the two countries.

ARTICLE X. The amount of trade effected between Manchoukuo and Germany shall be ascertained quarterly in Berlin by competent representatives of the contracting parties. On such occasions, questions arising out of the operation of the present Agreement may be settled by consultation between the said representatives.

ARTICLE XI. If, at the end of a period of one year, the present Agreement is renewed and there exists in the total amount of imports from Manchoukuo to Germany or vice versa a deficit in or an excess over the amount provided for in the present Agreement, the amounts to be fixed for the following year shall be increased or decreased by the amount of such deficit or excess.

(A) In case the amount of imports shows a deficit the amount of imports for the following year shall be increased by the amount of the said deficit.

(B) In case the amount of imports shows an excess, either of the contracting parties shall, at the latest during the following year, additionally buy products of the other party to the amount of 45 million Reichsmarks through a special account. Either of the contracting parties in case it imports products of the other party to an amount exceeding aforementioned sum shall make the necessary payment in foreign exchange.

ARTICLE XII. The organization of the special accounts in Reichsmarks as referred to in Article II and Item (B) of Article XI and the conditions of utilizing such accounts shall be determined by an agreement between the Reichsbank and the bank as referred to in Article II, which agreement shall be subject to the approval of the contracting parties.

ARTICLE XIII. In so far as German exports to Manchoukuo are financed by banks, competent authorities of Manchoukuo shall take measures to prevent at least 25 per cent of such financing from being handled by other banks than the bank referred to in Article II.

ARTICLE XIV. For the purpose of the present Agreement:

(A) The term "period of one year" means one year beginning on June 1.

(B) The term "products of Germany" means products either exclusively produced in Germany or subjected therein to an essential transformation effected in the course of an ultimate process which has economic justification.

(C) The term "products of Manchoukuo" means products either exclusively produced in Manchoukuo or subjected therein to an essential transformation effected in the course of an ultimate process which has economic justification.

(D) Products of the Territory of Kwantung exported to Germany shall be regarded as exports from Manchoukuo in the calculation of trade under the present Agreement.

(E) Products of Germany imported to the Territory of Kwantung shall be regarded as imports to Manchoukuo in the calculation of trade under the present Agreement.

ARTICLE XV. The present Agreement shall replace the agreement concluded between Manchoukuo and Germany on April 30, 1936, and extended on May 21, 1937.

The present Agreement shall be ratified as quickly as possible, ratifications to be exchanged at Berlin. The present Agreement shall enter into force on the day when the exchange of ratifications takes place, but the high contracting parties have mutually consented to apply the present Agreement, from the date of the signing thereof and prior to the exchange of ratifications, as from June 1, 1938. The present Agreement shall remain in force until May 31, 1940.

Either of the contracting parties after January 1, 1939, notifies the other of a desire to revise the present Agreement, the latter shall consent to open consulations thereon. In case the said consultations fail to reach accord within four months from the date when the aforementioned desire to revise the Agreement is communicated, the high contracting party desiring the said revision may give notice of its abolition of the Agreement. The said notice of abolition shall become effective on the first June 1 to come after the notice is given.

For the purpose of renewing the present Agreement for a period later than May 31, 1940, both contracting parties shall enter into negotiations not later than February 1, 1940.

(3) Supplementary Agreement Regarding the Operation of Article XI —(B) of the Manchoukuo-German Trade Agreement

September 14, 1938

1. In case payments for German products imported into Manchoukuo exceed the amount of Reichsmarks which is paid into the special accounts according to the provisions of Articles I to III inclusive, the German Government is to make arrangements so as to enable the bank designated in Article II to secure loans amounting up to 45 million Reichsmarks from German banks during the period ending on May 31, 1939. The total amount of various loans from banks mentioned above must not exceed 45 million Reichsmarks during the period ending on May 31, 1939.

2. In case payments for Manchurian products imported into Germany exceed the amount specified by the provisions of Articles I to III inclusive, the payment of the said excess will be fully made with Reichsmarks, the money to be paid into Manchoukuo's account of the special accounts kept in the bank designated in Article II. The total amount of said excess payment must not exceed 45 million Reichsmarks during the period ending on May 31, 1939.

3. An agreement concerning various points mentioned in the above two sections for the term of the pact beginning as from June 1, 1939, may be concluded according to the lines of negotiation provided in Article V.

4. Loans received by the bank designated in Section 2 above according to the regulations of Section 1 may be repaid with the Reichsmarks which are paid into the special accounts as provided in Articles II and III and also in Section 2 above.

5. After the necessary supplementary purchase has been completed according to Article XII (A), the payment into the special account, Manchoukuo (Z), may be made at any time during the first year of the pact so long as loans secured in the previous year according to Section 1 above still remain. Imports paid by the method mentioned above will be counted as imports of the previous year.

In case the import into Germany of Manchurian goods, which are to be counted in the previous year's accounts is carried out completely and loans for that year are made according to the regulations of Section 1, and even if the import of Manchurian goods into Germany under Articles I to III inclusive is not completed, payments may be made into the special account, Manchoukuo (Z), up to 20 million Reichsmarks for imports during that year, along with payments specified in Articles II and III.

The term of validity of this Agreement will be the same as that of the Manchoukuo-Reich Trade Pact.

Any loans still outstanding after the aforementioned agreement has lost its validity shall be paid according to the various regulations of this Agreement.

No. 7 Narcotics Law

(1) Narcotics Law

Imperial Ordinance No. 215

Promulgated July 22, 1937

(*Unofficial Translation*)

ARTICLE I. The term narcotics as used in the present Law shall include all drugs coming under any one of the following classifications:

1. Morphine, diacetylmorphine and other morphine-ester and their salts;
2. Ecgonine (irrespective of specific rotation), cocaine and other ecgonine-ester and their salts.
3. Dihydrooxycodeinon, dihydrocodeinon, dihydromorphinon, acetyldhydrocodeinon, dihydromorphine and their esters and salts;
4. Codeine ethylmorphine, benzylmorphine and other morphine-ester and their salts;
5. Morphine-N-oxide and other morphine in the form of pentavalent nitrogen and its derivatives;
6. Dihydrocodeinon, the baine and their salts;
7. Those drugs which contain 0.2 per cent or more of Morphine or morphine-ester (diacetylmorphine excepted) or, those which contain 2.0 per cent or more of morphine-ester (codeine and ethylmorphine excepted) and those in which diacetylmorphine is detected;
8. Those drugs in which over 0.2 per cent of dihydrooxycodeinon, dihydrocodeinon, dihydromorphinon, acetyldihydrocodeinon, dihydromorphine or their esters, or morphine in the form of pentavalent nitrogen or its derivatives is detected;
9. Those drugs in which over 0.1 per cent of ecgonine, cocaine, or other ecgonine-ester is detected; and
10. Indian hemp and its rasin and those drugs containing such rasin.

ARTICLE II. The manufacture, importation and sale of narcotics coming under No. 1 of the foregoing article shall be conducted by the Government.

All matters necessary to the manufacture, importation and sale of narcotics mentioned in the foregoing paragraph shall be regulated by Imperial Ordinances.

ARTICLE III. Any person desiring to manufacture narcotics coming under Nos. 2-9 inclusive, of Article I shall state the following matters and obtain the permission of the Minister concerned.

1. Place where the manufacturing plant is located;
2. Name of the narcotic to be manufactured;
3. Place, structure and equipments of buildings to be used for manufacture or storage of the narcotics.

Any person desiring to make any change in any one of the foregoing matters after he has obtained the above-mentioned permission, shall also obtain permission for each desired change.

ARTICLE IV. Any person who has obtained the permission mentioned in paragraph 1 of Article III, shall make an annual report on the following matters and obtain the approval of the Minister concerned.

1. The quantity manufactured;
2. The kind and quantity of raw material and how obtained.

Any person desiring to make any change in any one of the foregoing matters after he has obtained the above-mentioned permission, shall also obtain permission for each desired change.

ARTICLE V. Any person who has obtained the permission and approval mentioned in paragraph 1 of Article III and paragraph 1 of Article IV shall submit to the competent Minister a report for that year concerning the following matters on or before the last day of January of the following year.

1. The quantity of raw materials received, used and the stock left on hand.
2. The quantity of narcotics manufactured, sold and the otherwise decreased amount and the amount of stock left on hand.

The foregoing provisions shall apply to all persons manufacturing from narcotics products other than narcotics.

ARTICLE VI. Any person desiring to import narcotics coming under any one of the items Nos. 2 to 10 inclusive, of Article I shall state the following matters and obtain the permission of the competent Minister.

1. The name and quantity of narcotics;
2. The object of importation;
3. The name or trade name and the principal place of business of the consigner;
4. The period for importation;
5. The manner of shipment;
6. The name of the place of destination (if by mail, the name of post office).

Any person desiring to make any change in the foregoing matters after he has obtained the above-mentioned permission, shall also obtain permission for each desired change.

When the competent Minister grants the permission mentioned in above two paragraphs, he shall issue an import permit and a certificate of the import permit.

ARTICLE VII. Any person desiring to export narcotics shall submit an application stating the following matters in full with the certificate of import permit or certificate of bonded warehouse storage permit issued by the competent authorities of the importing country attached thereto and obtain the permission of the Minister concerned.

1. The name and quantity of narcotics;
2. The name or the trade name and the business address of the consignee;
3. The period for exportation;
4. The manner of shipment;
5. The name of the place of original shipment (if by mail, the name of the post office).

Any person desiring to make any change in any one of the foregoing matters

after he has obtained the above-mentioned permission shall secure permission for each desired change.

When the competent Minister grants the permission mentioned in the preceding two paragraphs, he shall issue an export permit and a duplicate of the same.

The duplicate of the export permit mentioned in the preceding paragraph shall be attached to the goods shipped.

ARTICLE VIII. All persons who have imported or exported narcotics shall report the fact to the Minister concerned within 10 days together with the import permit and the duplicate of the export permit attached to the goods shipped or the export permit.

ARTICLE IX. When any person to whom a permits was granted for import or export of narcotics does not import or export he shall notify the competent Minister within 10 days following the expiration of the specified term and shall also submit the import permit and certificate of import permit or the export permit and a duplicate of the export permit.

ARTICLE X. In case narcotic is shipped for transit through the Empire the present Law shall apply and the admission and departure of such narcotic shall be regarded as importation or exportation as the case may be.

The foregoing provision shall not apply when the shipment is made by mail.

ARTICLE XI. Transfer or taking over of narcotics shall be prohibited, except in the following cases, when the transfer or taking over of narcotics shall be conducted in accordance with Government Orders:

1. In case a permit to manufacture, import or export is given in accordance with the provisions of Articles III, VI or VII;
2. In case it is necessary for business of physicians, surgeons, dentists, veterinary surgeons, pharmacists or any one who has been granted a license in accordance with the provisions of Article VIII of the Drug Regulations;
3. In case it is necessary for filling prescriptions issued by physicians, surgeons, dentists or veterinary surgeons;
4. In case it is used for scientific purposes.

ARTICLE XII. Narcotics shall not be taken, inoculated or otherwise used in any case except in those coming under any one of the following conditions:

1. In case it is necessary for business of physicians, surgeons, dentists, veterinary surgeons and pharmasists;
2. In case it is necessary for filling prescriptions issued by physicians, surgeons, dentists or veterinary surgeons:
3. In case it is used for scientific purposes.

ARTICLE XIII. In case a narcotic addict is discovered upon medical examination, the name, age, sex and address of such addict and the name of the drug used shall be reported to the police office of the district concerned within 10 days following the examination.

ARTICLE XIV. The competent Minister may take necessary measures against addicts in order to break them of their habit of narcotic taking or inoculation.

The expenses involved in taking the above-mentioned necessary measures shall be defrayed in accordance with the decision of the competent Minister.

ARTICLE XV. The competent Minister may take necessary measures for general supervision against the dealers in narcotics.

ARTICLE XVI. The competent authorities may enter the factories, shops and other places of a narcotic dealer and examine the raw materials, finished products, machines, implements, books, documents and other materials and question the people connected with the business.

ARTICLE XVII. In case a narcotic dealer discontinues his business or dies, the disposition of the remaining narcotics and the raw materials shall be regulated by an Order.

ARTICLE XVIII. In case any person to whom a permit has been granted in accordance with the provisions of Articles III, VI or VII or any person manu-

facturing from narcotics products other than narcotics violates the present Law or commits a crime or other unlawful acts in connection with narcotics or opium, the competent Minister may cancel the permit concerned or prohibit or suspend the manufacturing concerned.

ARTICLE XIX. Any person who manufactures, imports or sells privately narcotics coming under No. 1 of Article I shall be punished with penal servitude for a term not exceeding seven years or with a fine not exceeding 7,000 yuan.

The above-mentioned penal servitude and fine may be imposed simultaneously.

ARTICLE XX. Any person who without the permit issued in accordance with the provisions of paragraph 1 of Article III or paragraph 1 of Article VI, manufactures or imports narcotics coming under items Nos. 2 to 10 inclusive, of Article I shall be punished with penal servitude for a term not exceeding five years or with a fine not exceeding 5,000 yuan.

The above provision shall also apply to any person who exports narcotics without the permit mentioned in paragraph 1 of Article VII.

ARTICLE XXI. Any person who attempts to commit the crimes mentioned in the foregoing two articles shall likewise be punished.

ARTICLE XXII. Any person who makes any preparations to commit the crimes mentioned in Article XIX shall be punished with penal servitude for a term not exceeding two years or with a fine not exceeding 2,000 yuan.

ARTICLE XXIII. Any person who violates the provisions of Articles XI or XII shall be punished with penal servitude for a term not exceeding three years or a fine not exceeding 3,000 yuan.

ARTICLE XXIV. Any person who violates the provisions of paragraph 2 of Article III, Article IV, paragraph 2 of Article VI or paragraph 2 of Article VII shall be punished with penal servitude for a term not exceeding six months or a fine not exceeding 500 yuan.

ARTICLE XXV. Any person who does not comply with the measures mentioned in paragraph 1 of Article XIV shall be punished with penal servitude for a term not exceeding three months or with a fine not exceeding 300 yuan.

ARTICLE XXVI. Any person coming under any one of the following categories shall be punished with a fine not exceeding 300 yuan:

1. Any one who does not comply with the measures taken in accordance with the provisions of Article XV;
2. Any one who resists or impedes the examination or refuses to reply or gives false answers to the questions put to him by the competent authorities in accordance with the provisions of the Article XVI.

ARTICLE XXVII. Any person who violates the provisions of Article V, of paragraph 4 of Article VII or of Articles VIII, IX or XIII shall be punished by detention or with a fine.

ARTICLE XXVIII. Narcotics involved in the crime committed by the person violating the provisions of the present Law and belonging to the said offender shall be confiscated. If the said narcotics have been consumed or transfered by the offender the amount received therefor shall be collected.

ARTICLE XXIX. Narcotics involved in the crime of the person violating the provisions of the present Law and not belonging to the said offender may be seized in accordance with administrative measures.

ARTICLE XXX. In case a servant or an employee commits an act punishable under the present Law in connection with the business of the principal, the principal concerned, as well as the offender himself, shall be punished. In case, however, the principal is mentally deranged or is a minor without the ability of an adult in connection with the business, the legal representative concerned shall be punished.

ARTICLE XXXI. In case a servant or an employee of a juridical person commits an act punishable under the present Law in connection with the business of the said juridical person, the responsible executive partners or officials, as well as the offender himself, shall be punished.

In case an executive official or member of the juridical person commits the above-mentioned acts the said executive official or member shall be punished.

ARTICLE XXXII. In the case coming under Article XXX or pharagraph 1 of Article XXXI, if the principal, legal representative, official or member submits proof to the effect that the unlawful acts could not have been prevented such person shall not be punished.

Supplementary

The date of enforcement of the present Law shall be determined by Imperial Ordinance.

Narcotic addicts, in case it is necessary for medical treatment at the time of enforcement of the present Law, shall be granted, in accordance with an Order, a certificate for the time being testifying that the bearer is a narcotic addict.

The aforementioned certificate shall have the same effect as the prescription mentioned in No. 3 of Article XI and No. 2 of Article XII.

Veterinary surgeons mentioned in the present Law are those who are engaged in the business of veterinary surgeon with official license.

(2) Statement of the Prime Minister on the Occasion of the Promulgation of the Narcotics Law

August 12, 1937

Opium smoking and narcotics taking spell not only extreme personal agony and individual and family destruction but imperil the very existence of the State. Opium and narcotics breed thieves and outlaws, and create innumerable difficulties in the maintenance of peace and order.

Ever since its establishment the Government has followed the policy of ultimately suppressing completely the drug evils throughout the nation, in view of which various laws and systems have been adopted with considerable success. But since the drug habits have been so deep rooted the Government has decided to enforce its policy with utmost vigour and thoroughness.

The present domestic condition is such that the people of our Empire both at home and abroad must be called upon to form a united front against the evils of drugs. Our friendly neighbour, the Japanese Empire, has manifested her desire to assist in the task of our national development and has taken steps to abolish extra-territoriality for the purpose. She is likewise prepared to cooperate with our Government in the execution of our policy hereinabove mentioned.

The Government has initiated strict legislation to uproot the dangerous habits and the accompanying evils from the country. I hereby appeal to all our public servants, who should set an example to all others, and the people at large of our country to guard against falling into the undesirable practice. Our officials and people are urged to fulfill their duties in the execution of this important policy, with the kindly cooperation of the Japanese authorities.

No. 8 Manchuria Industrial Development Corporation

(1) Manchuria Industrial Development Corporation Administration Act

Imperial Ordinance No. 460

Promulgated December 20, 1937

ARTICLE I. The Government shall supervise the Manchuria Industrial Development Corporation in accordance with this Law, in order to expedite the coordinated establishment of heavy industries in this country, and to control these industries.

ARTICLE II. The objects of the Manchuria Industrial Development Corporation are to invest in any or all of the following industries and to direct the management thereof in this country:

1. Iron and Steel Industry
2. Light Metal Industry
3. Automobile Manufacturing Industry
4. Aeroplane Manufacturing Industry
5. Coal Industry

Besides the business mentioned in the preceding paragraph the Manchuria Industrial Development Corporation may incidentally invest in the business of mining gold, zinc, lead, copper and other metals or other enterprises. Provided, that the sanction of the Minister of the Competent Department shall be obtained for business other than investments in the mining business in this country.

ARTICLE III. The Manchuria Industrial Development Corporation shall establish its head office in Hsinking Special Municipality.

ARTICLE IV. The amount of capital of the Manchuria Industrial Development Corporation shall be Four Hundred Fifty Million Yen (¥450,000,000). Provided, however, that the amount of capital may be increased with the sanction of the Minister of the Competent Department.

In the case contemplated in the proviso of the preceding paragraph, shares without voting power may be issued, irrespective of the provisions of the second paragraph of Article XCVII of the Corporation Law.

ARTICLE VI. Shares with voting power of the Manchuria Industrial Development Corporation may be transferred to persons of Manchoukuo and Japanese nationality only, or to juridical persons organized under the laws of either of these countries, the majority of the voting power of which juridical persons belongs to a person or persons or a juridical person or persons of Manchoukuo or Japanese nationality.

ARTICLE VII. The Manchuria Industrial Development Corporation shall have one President, two Vice-Presidents, five or more Directors and three or more Auditors.

ARTICLE VIII. The President shall represent the Manchuria Industrial Development Corporation and superintend the business affairs thereof.

In case the President is prevented from performing his duties, one of the Vice-Presidents shall perform the duties of the President.

The Vice-Presidents and the Directors shall assist the President and shall manage the business affairs of the Manchuria Industrial Development Corporation.

The Auditors shall audit the business affairs of the Manchuria Industrial Development Corporation.

ARTICLE IX. The President and Vice-Presidents shall be appointed by the Government, and Directors and Auditors shall be elected at General Meetings of Shareholders.

The term of office of the President and of Vice-Presidents shall be five years, the term of office of Directors shall be four years, and of Auditors three years.

ARTICLE X. The amount of remuneration and allowance to the President and Vice-Presidents shall be decided by the Government.

ARTICLE XI. The President, Vice-Presidents and Directors attending to the ordinary business affairs shall not engage in other business without the permission of the Minister of the Competent Department.

ARTICLE XII. The amount of dividend payable to shareholders at the close of each fiscal term of the Manchuria Industrial Development Corporation not in excess of seven and one half (7½) per cent per annum on the paid-in capital, shall be distributed in the proportion of one part to the shares owned by the Government and two parts to the shares owned by others than the Government.

In case the amount of dividend payable to shareholders exceeds seven and one half (7½) per cent per annum on the paid-in capital, the rate of dividend for such excess shall be equal as to each share.

In case the capital is increased in accordance with the provisions of Article IV, a special provision shall be made, with the sanction of the Minister of the Competent Department, as to the dividend payable to shareholders, irrespective of the provisions of the two preceding paragraphs.

ARTICLE XIII. If at the close of each fiscal term of the Manchuria Industrial Development Corporation, the consoliated net profits accrued from undertakings carried on in Manchoukuo do not equal six (6) per cent per annum on the total amount of funds appropriated for such undertakings, (funds consisting of profits earned from such undertaking excepted), the Government will contribute an amount equal to the amount of such shortage for any fiscal term ending within ten years from the enforcement date of this Law. If and when consolidated net profits for subsequent fiscal terms exceed six (6) per cent per annum, the amount so contributed shall be repaid from such excess, with interest at the rate of two (2) per cent per annum.

Consolidated net profits shall be calculated by deducting gross losses (interest on debts excluded) from gross profits (profit brought forward included) accrued from undertakings carried on in Manchoukuo.

ARTICLE XIV. In case of dissolution of the Manchuria Industrial Development Corporation, the residual assets, the value of which do not exceed one hundred fifty (150) per cent of the paid-in capital, shall be distributed in the proportion of one part to the shares owned by the Government and two parts to the shares owned by others than the Government.

In case the value of the residual assets exceed one hundred fifty (150) per cent of the paid-in capital, the rate of distribution for such excess shall be equal as to each share.

In case the capital is increased in accordance with the provisions of Article IV, a special provision shall be made, with the sanction of the Minister of the Competent Department, as to the distribution of the residual assets to shareholders, irrespective of the provisions of the two preceding paragraphs.

ARTICLE XV. The Manchuria Industrial Development Corporation may issue debentures to the extent of twice the amount of the paid-in capital with the sanction of the Minister of the Competent Department.

ARTICLE XVI. In calling general meetings of shareholders of the Manchuria Industrial Development Corporation, a notice shall be sent to each shareholder ten days prior to the date of the meeting.

ARTICLE XVII. The Manchuria Industrial Development Corporation shall determine its business plans for each fiscal year, and submit the plans to the Minister of the Competent Department. This rule shall apply to any alterations in the plans.

ARTICLE XVIII. Resolutions for the election and dismissal of Directors and Auditors, for amendments to the Articles of Association, for the disposition of profits, for the issuance of denbentures, for the amalgamation and dissolution of the Corporation shall not become effective unless the sanction of the Minister of the Competent Department is obtained therefor.

ARTICLE XIX. The Manchuria Industrial Development Corporation shall not transfer its important assets or surrender the same as security without the sanction of the Minister of the Competent Department.

ARTICLE XX. The Minister of the Competent Department may issue the necessary orders for supervision of the business affairs of the Manchuria Industrial Development Corporation.

ARTICLE XXI. The Minister of the Competent Department may issue the necessary orders for control of the enterprises as to the business of the Manchuria Development Corporation.

ARTICLE XX. The Minister of the Competent Department may rescind resolutions of the Manchuria Industrial Development Corporation, if he deems such resolutions to be against the laws, regulations, Articles of Association, or to be detrimental to public welfare.

The Minister of the Competent Department may dismiss the President, Vice-Presidents, Directors or Auditors, if he deems acts of such offices to be against the laws, regulations, Articles of Association, orders issued hereunder, or to detrimental to welfare.

ARTICLE XXIII. The Minister of the Competent Department shall appoint Superintendents of the Manchuria Industrial Development Corporation, and have such Superintendent inspect the business affairs of the Manchuria Industrial Development Corporation.

ARTICLE XXIV. The Superintendent of the Manchuria Industrial Development Corporation may at any time examine safes, books and documents of the Manchuria Industrial Development Corporation.

The Superintendent of the Manchuria Industrial Development Corporation may at any time he deems it necessary order the Manchuria Industrial Development Corporation to submit its accounts and a report on the condition of its business.

The Superintendent of the Manchuria Industrial Development Corporation may attend general meetings of shareholders, and other meetings, and express his opinion thereat.

ARTICLE XXV. The Minister of the Competent Department referred to in this Law shall be the Minister of the Department of Industry and the Minister of the Department of Finance and Commerce.

ARTICLE XXVI. No person other than the Manchuria Industrial Development Corporation may use the name of Manchuria Industrial Development Corporation, or any other name similar thereto, as a trade name.

Supplementary Provisions

ARTICLE XXVII. This Law shall be enforced on and after December 27th of the 4th year of Kangte.

ARTICLE XXVIII. The Capital of the Manchuria Industrial Development Corporation may for the time being be in Japanese currency.

ARTICLE XXIX. As to the business coming under the second paragraph of Article II, in which the Manchuria Industrial Development Corporation may have invested at the time of the enforcement of this Law, such business or businesses as to which notice is given to the Minister of the Competent Department within thirty days from the date of enforcement hereof shall be deemed to have been sanctioned hereunder.

ARTICLE XXX. If the President, Vice-Presidents or Directors attending to ordinary business affairs of the Manchuria Industrial Development Corporation, who are engaged in other business at the time of enforcement of this Law, notify such fact to the Minister of the Competent Department within thirty days from the date of enforcement hereof, it shall be deemed that they have obtained sanction therefor.

ARTICLE XXXI. The register of shareholders and the original record of debentures of the Manchuria Industrial Development Corporation, with the sanction of the Minister of the Competent Department, shall not be subject to the provisions of Article CXXIII of the Corporation Law for the time being.

(2) Articles of Association of Manchuria Industrial Development Corporation

CHAPTER I. General Provisions

ARTICLE I. The Corporation shall be called MANCHURIA INDUSTRIAL DEVELOPMENT CORPORATION and shall be supervised by the Government under the Manchuria Industrial Development Corporation Administration Act passed by virtue of Imperial Ordinance No. 460 of the 4th year of Kangte.

ARTICLE II. The objects and purposes of the Corporation are to invest in any

or all of the following industries, and to direct the management thereof in Manchoukuo:

1. Iron and Steel Industry
2. Light Metal Industry
3. Automobile Manufacturing Industry
4. Aeroplane Manufacturing Industry
5. Coal Industry

Besides the business mentioned in the preceding paragraph, the Corporation may invest in the business of mining gold, zinc, lead, copper and other metals, as well as in various domestic and foreign business for which the sanction of the Minister of the Competent Department is obtained.

The Corporation may become a promoter for the purpose of organizing companies the objects of which are businesses in the two preceding paragraphs or may advance funds to affiliated companies and guarantee the obligations thereof.

ARTICLE III. The amount of capital of the Corporation shall be Four Hundred Fifty Million Yen (¥450,000,000), Japanese currency.

ARTICLE IV. The head office of the Corporation shall be located in Hsinking Special Municipality, a branch office shall be located in the City of Tokyo, Japan, and offices and business quarters may be established in necessary places by decisions of the Board of Directors.

ARTICLE V. Public notices of the Corporation shall be given in the Government Public Gazette and in the Official Gazette issued by the Japanese Government.

CHAPTER II. Shares

ARTICLE VI. The capital of the Corporation shall be divided into Nine Million (9,000,000) shares of the par value of Fifty Yen (¥50) per share, Japanese currency.

ARTICLE VII. The shares of the Corporation shall be classified into two classes, viz., Four Million Five Hundred Thousand (4,500,000) shares owned by the Government which shall be designated Class A Shares, and Four Million Five Hundred Thousand (4,500,000) shares owned by persons other than the Government, designated as Class B Shares.

ARTICLE VIII. The total amount paid up on Class A Shares shall be equal to the total amount paid up on Class B Shares.

ARTICLE IX. Share certificates of the Corporation shall have the name of the shareholders inscribed thereon. Certificates for Class A Shares shall be of two denominations, viz., a share certificate for Two Million Three Hundred Seventy Thousand (2,370,000) shares, and a share certificate for Two Millon One Hundren Thirty Thousand (2,130,000) shares. Certificates for Class B Shares shall be of four denominations, viz., one (1) share certificates, ten (10) share certificates, fifty (50) share certificates and one hundred (100) share certificates.

ARTICLE X. The amount of dividend payable to shareholders at the close of each fiscal term of the Corporation not in excess of seven and one half (7½) per cent per annum on the paid-in capital, shall be distributed in the proportion of one part to Class A Shares and two parts to Class B Shares.

In case the amount of dividend payable to shareholders at the close of each fiscal term, exceeds seven and one half (7½) per cent per annum on the paid-in capital, the rate of dividend for such excess shall be equal as to Class A Shares and Class B Shares.

ARTICLE XI. In case of dissolution of the Corporation, the residual assets, the value of which do not exceed one hundred fifty (150) per cent on the paid-in capital, shall be distributed in the proportion one part to Class A Shares and two parts to Class B shares.

In case the value of the residual assets exceed one hundred fifty (150) per cent of the paid-in capital, the rate of distribution of such excess shall be equal as to Class A Shares and Class B Shares.

ARTICLE XII. A shareholder who fails to pay calls for payment upon shares

shall pay interest for delay at the rate of Three (3) sen, Japanese currency, per day for each One Hundred Yen (¥100) of amount in delay, calculated from the day following the date fixed for payment to the date of actual payment.

ARTICLE XIII. Shares of the Corporation may be transferred to persons of Manchoukuo and Japanese nationality only, or to juridical persons organized under the laws of either of these countries, the majority of the voting power of which juridical persons belongs to a person or persons or a juridical person or persons of Manchoukuo or Japanese nationality.

ARTICLE XIV. Shares of the Corporation are not transferable by endorsement on the share certificates.

ARTICLE XV. In cases of transfers of shares, written application to record such transfers on forms provided by the Corporation, signed by both parties, shall be submitted to the Corporation together with the share certificate or certificates signed on the back thereof by the acquirer.

In cases of change in ownership of shares from causes other than transfer, a written application to record such change on forms provided by the Corporation shall be submitted to the Corporation together with documents proving the fact of the change in ownership together with the share certificate or certificates signed on the back thereof by the acquirer.

In the cases provided for in the two preceding paragraphs, the Corporation shall record the fact of the transfer or change in ownership in the register of shareholders and return the share certificate or certificates to the applicant after having the fact of the transfer or change in ownership authenticated by the Representative of the Corporation on the reverse side thereof.

A fee of Ten (10) sen, Japanese currency, per share certificate shall be paid for recording transfers or changes in ownership.

ARTICLE XVI. A person designing to exchange his or its share certificate or certificates for a new share certificate or certificates because of division, combination, mutilation or for other reasons, shall submit to the Corporation a written application on the form provided by the Corporation, in which the reasons for the exchange shall be clearly stated, together with the share certificate or certificates.

A fee of Fifty (50) sen, Japanese currency, per new certificate shall be paid for the exchange of certificates.

ARTICLE XVII. A shareholder who has unintentionally lost his or its share certificate or certificates may apply for re-issuance of a share certificate or certificates only after completing public notice proceedings and securing a judgment cancelling the right.

A shareholder, intending to make the application referred to in the preceding paragraph, shall submit to the Corporation a written application on the form provided by the Corporation accompanied by documents showing the fact that the public notice proceedings have been completed and the judgment cancelling the right has been secured.

A fee of Fifty (50) sen, Japanese currency, per certificate shall be paid on the re-issuance of share certificates.

ARTICLE XVIII. The Corporation may close the registration of share transfers from May 26th and November 26th of each year until the conclusion of the Ordinary General Meeting of Shareholders held in the respective following months.

In addition to the cases set forth in the preceding paragraph, if it is deemed necessary, the registration of share transfers may be suspended for a certain period of time after giving public notice to this effect.

ARTICLE XIX. A shareholder or the legal or other representatives of shareholders shall file with the Corporation his name, address and seal impression on the form prescribed by the Corporation. This provision shall also apply in respect to any changes therein.

A person referred to in the preceding paragraph residing in a country other than Manchoukuo and Japan shall previously fix a temporary address or an

attorney in either of these two countries and shall give notice to the Corporation of this fact. This provision shall also apply in respect to any changes therein.

CHAPTER III. General Meeting of Shareholders

ARTICLE XX. General Meetings of Shareholders shall be of two kinds, viz., Ordinary General Meetings and Extraordinary General Meetings. Ordinary General Meetings shall be called in the months of June and December of each year, and Extraordinary General Meetings shall be called at any time when deemed necessary. General Meetings of Shareholders shall be held in the place where the head office is situated or in the City of Tokyo, Japan.

ARTICLE XXI. The date, time and place of General Meetings of Shareholders shall be fixed by the President, and a notice of call shall be despatched to each shareholder ten (10) days prior to the date of a meeting.

ARTICLE XXII. The President shall act as Chairman of General Meetings of Shareholders. In case the President is prevented from acting as Chairman, a Vice-President shall take the Chair.

ARTICLE XXIII. In case of a tie vote in respect to proceedings at General Meetings, the Chairman shall cast the deciding vote.

ARTICLE XXIV. A shareholder may exercise his or its voting power by proxy, provided, however, that a proxy holder must be a shareholder or an officer of the Corporation.

A proxy holder referred to in the preceding paragraph shall submit to the Corporation a document showing his proxy power. This provision, however, shall not apply in case the fact that he has been given a proxy is known to the Corporation.

ARTICLE XXV. Minutes shall be prepared of proceedings at General Meetings, and a summary and the results of proceedings shall be written therein. The minutes shall be signed by the Chairman, a Director or Directors, an Auditor or Auditors and one or more shareholders present at the meeting, and shall be kept at the office of the Corporation.

CHAPTER IV. Officers

ARTICLE XXVI. The Corporation shall have one President, two Vice-Presidents, five or more Directors and three or more Auditors.

The President shall appoint a certain number of Managing Directors from the Directors.

ARTICLE XXVII. The President shall represent the Corporation and superintend the business affairs thereof.

In case the President is prevented from performing his duties, one of the Vice-Presidents shall perform the duties of the President.

The Vice-Presidents and the Directors shall assist the President and shall manage the business affairs of the Corporation.

The Auditors shall audit the business affairs of the Corporation.

ARTICLE XXVIII. The President and Vice-Presidents shall be appointed by the Government and Directors and Auditors shall be elected at General Meetings of Shareholders.

The terms of office of the President and of Vice-Presidents shall be five years, the term of office of Directors shall be four years and of Auditors three years.

ARTICLE XXIX. Directors and Auditors shall continue to perform the duties of their office after the expiration of their term of office until the conclusion of the Ordinary General Meeting of Shareholders for the period in which their term of office expires.

ARTICLE XXX. The President, Vice-Presidents and Directors attending to the ordinary business affairs of the Corporation, who desire to engage in other business, shall obtain permission to do so from the Minister of the Competent Department.

ARTICLE XXXI. The amount of remuneration and allowance to the President and Vice-Presidents shall be decided by the Government, and the amount of remuneration and allowance to Directors and Auditors shall be decided at General Meeting of Shareholders and shall be approved by the Minister of the Competent Department.

ARTICLE XXXII. The President, Vice-Presidents and Directors shall constitute the Board of Directors, and at Meetings of the Board of Directors matters relating to important business affairs of the Corporation shall be discussed.

Decision at Meetings of the Board of Directors shall be made by the President.

ARTICLE XXXIII. Auditors may be present at Meetings of the Board of Directors and may state their opinions.

ARTICLE XXXIV. Auditors shall examine the documents to be submitted to General Meetings of Shareholders and shall report their opinions to the Meetings.

CHAPTER V. Accounts

ARTICLE XXXV. The fiscal terms of the Corporation shall be from November 26th to May 25th and May 26th to November 25th. The accounts of the Corporation shall be closed on the last day of each terms.

ARTICLE XXXVI. The President shall prepare the proposals in regard to the Inventory, Balance Sheet, Business Report, Profit and Loss Statement and Proposition for Disposal of Profit for each fiscal term, and shall submit them with the written opinion of the Auditors thereon to Ordinary General Meetings of Shareholders and obtain approval thereof.

ARTICLE XXXVII. The net profits of the Corporation for each fiscal term shall be the balance after deducting the gross loss from the gross profit in such fiscal term. The net profit and the amount brought forward from the preceding term added thereto shall be disposed of in the following manner:

Five per cent of the Net Profits to Legal Reserve
A portion to Special Reserves
A portion to Dividends for Shareholders
A portion to Bonus to Officers
A portion to be carried forward

ARTICLE XXXVIII. Dividends to shareholders shall be paid after the completion of each Ordinary General Meeting of Shareholders to shareholders of record as of May 26th and November 26th each year.

CHAPTER VI. Supplementary Provisions

ARTICLE XXXIX. The register of shareholders and the original record of debentures of the Corporation shall be kept temporarily in the Tokyo Branch after obtaining permission from the Minister of the Competent Department.

(2) Principal Affiliated Companies of Manchuria Industrial Development Corporation

(A) In Japan:

Nippon Minig Co., Ltd.
Capital Subscribed..... ¥160,000,000
Capital Paid-up ¥138,750,000
Main Products: Gold, Silver, Copper, Crude Oil, Iron Ore, etc.

Hitachi, Ltd.
Capital Subscribed..... ¥117,900,000
Capital Paid-up ¥103,162,500
Main Produsts: Electrical & Mechanical Equipments for Power Plants, Machineries and Rolling Stock, etc.

Osaka Iron Works, Ltd.
Capital Subscribed..... ¥12,000,000
Capital Paid-up ¥12,000,000
Main Lines: Shipbuilding, Ship Repairing, and General Engineering.

Hitachi Electric Power Co., Ltd.
Capital Subscribed..... ¥10,000,000
Capital Paid-up ..... ¥ 6,250,000
Main Lines: Supply of electric power.

Nissan Automobile Co., Ltd.
Capital Subscribed..... ¥10,000,000
Capital Paid-up ¥10,000,000
Main Products: "Nissan" and "Datsun" Passenger Cars and Trucks.

Nissan Automobile Sales Co., Ltd.
Capital Subscribed..... ¥5,000,000
Capital Paid-up ¥2,000,000
Main Lines: Sales of "Nissan" and "Datsun" Cars and Trucks.

Nissan Chemical Industry Co., Ltd.
Capital Subscribed..... ¥124,000,000
Capital Paid-up ..... ¥ 77,500,000
Main Products: Coal, Fertilizers, etc.

Japan Fat & Oil Industry Co., Ltd.
Capital Subscribed..... ¥40,500,000
Capital Paid-up ¥25,500,000
Main Products: Fish Oil and Fish Meals, Soaps, Paints, etc.

Nippon Marine Products Co., Ltd.
Capital Subscribed ¥91,500,000
Capital Paid-up ¥67,000,000
Main Lines: Trawling, Floating Crab Canneries, Whale Catching and Whale Floating Factories, Ice Manufacturing and Cold Storage.

Nippon Industrial Rubber Co., Ltd.
Capital Subscribed..... ¥10,000,000
Capital Paid-up ¥10,000,000
Main Lines: Rubber Plantation in British North Borneo, Hemp Plantation, Lumber and Woodwork Business.

Nissan Steamship Co., Ltd.
Capital Subscribed..... ¥8,000,000
Capital Paid-up ¥6,125,000
Main Lines: Ocean Transportation.

The Daido Match Co., Ltd.
Capital Subscribed ¥8,000,000
Capital Paid-up ¥7,000,000
Main Products: Matches.

The Nissan Fire & Marine Insurance Co., Ltd.
Capital Subscribed..... ¥5,000,000
Capital Paid-up ¥1,250,000
Main Lines: Fire, Marine, Accident and Transportation Insurance.

(B) In Manchoukuo:

Showa Steel Works, Ltd.
Capital Subscribed..... ¥100,000,000
Capital Paid-up ..... ¥ 90,000,000
Main Products: Pig Iron and Steel Billets, Steel Products, etc.

Manchuria Colliery Co., Ltd.
Capital Subscribed..... ¥80,000,000
Capital Paid-up ¥32,000,000
Main Lines: Coal Mining.

Honkeiko Colliery and Iron Works, Ltd.
Capital Subscribed..... ¥10,000,000
Capital Paid-up ¥10,000,000
Main Products: Pig Iron and Steel.

Manchuria Mining Co., Ltd.
Capital Subscribed..... ¥50,000,000
Capital Paid-up ¥12,500,000
Main Products: Gold and Other Metals.

Manchuria Light Metals Co., Ltd.
Capital Subscribed..... ¥25,000,000
Capital Paid-up ..... ¥ 6,250,000
Main Products: Aluminium and Alumina.

Dowa Automobile Co., Ltd.
Capital Subscribed..... ¥6,200,000
Capital Paid-up ¥3,200,000
Main Products: Passenger Cars and Trucks.

Manchuria Gold Mining Co., Ltd.
Capital Subscribed..... ¥12,000,000
Capital Paid-up ¥12,000,000
Main Lines: Gold Dredging.

Manchuria Lead Co., Ltd.
Capital Subscribed..... ¥4,000,000
Capital Paid-up ¥4,000,000
Main Products: Lead and Zinc.

The Manchuria Soya Bean Industry Corp.
Capital Subscribed..... ¥5,000,000
Capital Paid-up ¥2,525,000
Main Products: Soya Bean Flour and Oil.

No. 9 Revised Opium Law

(1) Opium Law

Imperial Ordinance No. 111

Promulgated November 30, 1932

Revised January 1, 1938

(Unofficial Translation)

ARTICLE I. The term "opium" as used in the present Law shall include raw opium, prepared opium and opium for medical use.

ARTICLE II. No person shall be allowed to smoke opium. However the foregoing provision shall not apply to addicts over the age of 25 years, who is deemed to require opium for bodily treatment and licensed by the Government.

ARTICLE III. The official sale of opium and the manufacture of prepared opium and opium for medical use shall be executed by the Government. The manufacture of prepared opium under conditions stipulated in items (2) and (3) of Article V, however, may be excepted.

ARTICLE IV. Opium or instruments for opium-smoking shall be prohibited from importation or exportation except when falling within the purview of any one of the following conditions:

1. Importion or exportation of opium by the Government;
2. Exportation of opium for medical use by agents who are appointed in accordance with the provisions of orders concerned;
3. Importation of instruments for opium-smoking by wholesale agents as provided for by orders concerned.

ARTICLE V. The manufacture, sale or purchase, transfer, ownership or possession of opium or instruments for opium-smoking shall be prohibited except when stipulated by order and coming within the purview of any one of the following:

1. When an opium wholesale agent manufactures instruments for opium-smoking, or buys and sells, transfers, owns, or possesses raw opium, prepared opium, or instruments for opium-smoking;
2. When the Hsinking Special Municipality, a Municipality, District (Hsien and Banner) Governments or an opium retail agent manufactures prepared opium, or buys and sells, transfers, owns or possesses raw opium, prepared opium, and instruments for opium-smoking;
3. When an opium addict mentioned in the proviso of Article II manufactures prepared opium or obtains by transfer, owns or possesses raw opium, prepared opium or instruments for opium-smoking;
4. When a person who has been permitted to cultivate poppy manufactures, transfers, or possesses raw opium;
5. When an opium purchasing agent purchases, transfers, owns or possesses raw opium;
6. When a pharmacist or any one who has received the license mentioned in Artcile II of the Drugs Act obtains by transfer, or owns or possesses opium for medical use;
7. When a physician (or surgeon), dentist, veterinarian, pharmacist, a person who has received the license mentioned in Article VIII of the Drugs Act or agent dealing in opium for medical use buys and sells, transfers, owns or possesses opium for medical use;
8. When a person obtains by transfer, owns or possesses opium for medical use with a written prescription obtained from a physician (or surgeon), dentist, or veterinarian;
9. When an inheritor or receiver of property transfers or possesses opium or instruments for opium-smoking as a result of the inability of the original person permitted to own or possess opium or the instruments for opium-smoking by virtue of any of the foregoing provisions.

ARTICLE VI. Opium wholesale agents, the Hsinking Special Municipality, Municipalities, District (Hsien and Banner) Governments or opium retail dealers shall not sell or transfer prepared opium bought from the Monopoly Bureau after working up or adding other mixtures to the same.

ARTICLE VII. No person shall be allowed to maintain opium smoking dens or provide facilities for the smoking of opium for others with the object of making profit. Licensed opium retail dealers, however, may be permitted to do so when Government approval is secured.

ARTICLE VIII. No cultivation of poppy intended for the manufacturing of opium or its substitute shall be allowed without the approval of the Government.

ARTICLE IX. The sale or purchase and the transfer of poppy seeds intended for the object mentioned in the previous article shall be forbidden; the sale and transfer of the same to those cultivating poppy with Government approval, however, shall be expected.

ARTICLE X. Any one cultivatiug poppy with Government approval shall deliver the raw opium produced to the Government; for the time being, however, such raw opium may be sold to opium purchasing agents designated by the Government.

The said opium purchasing agents shall deliver the raw opium so purchased to the Government.

ARTICLE XI. In order to correct the opium habits of addicts, the Minister of People's Welfare shall adopt necessary measures for the opium-smokers.

The expenditures required for the aforementioned measures shall be determined by the Minister of People's Welfare.

ARTICLE XII. In case it shall deem necessary, the Government may order the persons mentioned in the different items listed in Article V to submit reports.

ARTICLE XIII. The competent officials may enter the factories, shops, or other

premises belonging to persons mentioned in the different items listed in Article V, and to inspect their raw materials, products, machines, instruments, books, documents or other articles or to adopt any measure necessary for the control of opium.

ARTICLE XIV. Persons coming within the purview of either of the following shall be punished by penal servitude not exceeding seven years, or a fine not exceeding seven thousand yuan:

1. Persons who have violated the provisions of Article IV or V with the object of selling opium;

2. Persons who have violated provisions of Article VII or VIII.

In case the foregoing act or acts are committed the above-mentioned penal servitude and the fine may be imposed simultaneously upon the violator.

ARTICLE XV. Persons, who have violated the provisions of Art. IV or V with the object of selling opium-smoking instruments, shall be punished by penal servitude not exceeding five years or a fine not exceeding five thousand yuan.

In the foregoing case the penal servitude and the fine may be imposed simultaneously upon the violator.

ARTICLE XV-2. Persons who have violated the provisions of Article VI or IX shall be punished by penal servitude not exceeding three years or a fine not exceeding three thousand yuan.

ARTICLE XVI. Attempted acts of crimes described in the three preceding Articles (Articles XIV, XV or XV-2) shall be punishable.

ARTICLE XVII. Persons coming within the purview of either of the following shall be punished by penal servitude not exceeding one year or a fine not exceeding one thousand yuan:

1. Addicts described in the provision of Article II smoking opium other than that obtained through Government sale;

2. Persons who have violated the provisions of Article IV or V without the object of selling.

ARTICLE XVIII. Persons coming within the purview of either of the following shall be punished by confinement not exceeding three months or a fine not exceeding three hundred yuan:

1. Persons violating the provisions of paragraph 2 of Article X;

2. Persons disobeying the disposition provided for in Article XI;

3. Persons neglecting without adequate reasons to submit reports provided for in Article XII or submitting false reports;

4. Persons refusing, hindering or evading the official inspection provided for in Article XIII, or those refusing to reply to questions put to them or making false replies during the said inspection or disobeying the disposition by the proper authorities concerned.

ARTICLE XIX. In case a person violates the provisions of the present Law, the opium, poppy, or instruments for opium-smoking concerned shall be confiscated without regard to their ownership.

In case the said opium, poppy or instruments cannot be confiscated, a sum equivalent to the value of the same shall be collected.

ARTICLE XX. In case the representatives, the head or members of the family or the employees of the persons who are importing or exporting opium for medical use or instrument for opium-smoking described in item (2) or (3) of Article IV, or of persons mentioned in item (1), (2), (4) or (7) of Article V, violate the provisions of the present Law or orders issued based upon the present Law, the persons so mentioned in the aforesaid Articles shall not evade punishments thereof on the ground that such violations had been committed without their direction.

ARTICLE XXI. In case the representatives of a juridical person, or its employees, or persons engaged in its service is found to have violated the provisions of the present Law, the representatives of such juridical person shall be punished.

ARTICLE XXII. The date of the enforcement of the present Law shall be decided by Ordinance.

(2) Regulation Governing the Enforcement of the Opium Law
Imperial Ordinance No. 112

Promulgated November 30, 1932

Revised January 1, 1938

(*Unofficial Translation*)

CHAPTER I. Opium Addicts

ARTICLE I. The opium addicts, who, requiring opium for bodily treatment, desire to obtain the license mentioned in Article II of the Opium Law, shall submit an application for the same to the Police Office designated by the Minister of People's Welfare.

ARTICLE II. In case a Police Office grants the license mentioned in Article II of the Opium Law, a certificate to that effect shall be issued to the opium addict concerned.

ARTICLE III. Opium addicts shall not obtain opium or instrument for opium-smoking from any one other than the Hsinking Special Municipality, Municipalities, District (Hsien and Banner) Governments or licensed retail dealers.

CHAPTER II. The Manufacture and Treaffic of Raw Opium, Prepared Opium and Instruments for Opium-Smoking

ARTICLE IV. All raw and prepared opium shall be sold to the licensed addicts by the proper Opium Monopoly Offices through the Hsinking Special Municipality, Municipalities, District (Hsien and Banner) Governments or the licensed retail dealers.

The instruments for opium-smoking shall be sold to the licensed addicts by the licensed manufacturers of the said instruments through the Hsinking Special Municipality, Municipalities, District (Hsien and Banner) Governments or the licensed retail dealers.

ARTICLE V. The opium retail dealers and the number and place of opium-smoking houses managed by the Hsinking Special Municipality, Municipalities, District (Hsien and Banner) Governments shall be designated by the Governor of the Province concerned. The manufacturer of the instruments for opium smoking shall be designated by the Director of the General Monopoly Office.

ARTICLE VI. Wholesale agents or retail dealers shall not maintain their business outside of the location officially designated.

The establishment of any new subagency by a wholesale agent shall be subject to the approval of the Monopoly Bureau.

ARTICLE VII. When importing instruments for opium-smoking, the wholesale agent shall report to, and obtain the approval of, the Monopoly Bureau by submitting the name and address of the shipper, the quantity imported and the route taken.

ARTICLE VIII. The price of opium shall be determined by the Director of the General Monopoly Office.

ARTICLE IX. The Hsinking Special Municipality, Municipalities, District (Hsien and Banner) Governments or the retail dealers shall not transfer opium or instruments for opium-smoking to any one who does not present the certificate mentioned in Article II.

ARTICLE X. In case a pharmacist or any one who has received the license mentioned in Article II of the Drugs Act requires raw opium for pharmaceutical purposes, he shall present an application for the purchase of such raw opium to the Director of the Monopoly Bureau or the Director of its Branch Bureau, together with the permit issued by the Minister of People's Welfare.

ARTICLE XI. Wholesale agents and retail dealers shall record in their books on every occasion the kind, quantity, and prices of the raw opium, prepared opium and instruments for opium-smoking received and sold, together with the date of

each transaction, and the names and addresses of the parties with whom transactions are done.

Wholesale agents and retail dealers shall submit to their respective Governors concerned and the Director of the Monopoly Bureau before the tenth of each succeeding month monthly reports on the receipt and sale of raw opium, prepared opium and instruments for opium-smoking.

Chapter III. The Production and Delivery of Raw Opium

Article XII. The location and area for the cultivation of poppy shall be determined annually by the Director of the Monopoly Bureau.

Article XIII. Any person who desires to cultivate poppy shall annually apply for a permit, submitting the following items to their respective Governors concerned. The same procedure shall be required in case of alteration or discontinuance of such cultivation.

1. Name; Address; Year and Date of Birth;
2. Location of the Field for Cultivation; Its Area.

Article XIV. A person who has obtained the aforementioned permit for cultivating poppy shall erect a wooden sign post in his field showing the area, name and address of the owner.

Article XV. A cultivator of poppy shall report to the respective Governor concerned and the Director of the Monopoly Bureau on the quantity of raw opium produced prior to the date designated by the respective Governor.

Article XVI. A cultivator of poppy shall deliver the raw opium produced to places designated by the Director of the Monopoly Bureau or sell it to the licensed opium purchaser.

Article XVII. The aforementioned opium purchasers shall be named by the Director of the Monopoly Bureau, who shall place a necessary restriction on the number of such persons.

Article XVIII. An opium purchaser shall hand over the raw opium purchased by him to the Monopoly Bureau.

Article XIX. The Director of the Monopoly Bureau shall examine the raw opium delivered by the opium purchasers and pay compensation for the same according to the quality of the goods.

Article XX. An opium purchaser and his employees shall have possession certificates of identity as shown hereinafter.

An opium purchaser and his employees shall carry their certificates of identity when engaged in their business.

Chapter IV. The Sale of Opium for Medical Use

Article XXI. Opium for medical use shall be sold to physicians (or surgeons), dentists, veterinary surgeons, pharmacists, and those who have received the license mentioned in Article II and VIII of the Drugs Act by the officially appointed agents.

Article XXII. The aforementioned agents shall be appointed from among the pharmacists by the respective Governors of the Provinces concerned.

Article XXIII. No sale or purchase or transfer of opium for medical use shall be allowed except when coming within the purview of any of the following conditions:

1. Opium transferred by pharmacists or those who have received the license mentioned in Article VIII of the Drugs Act to physicians (or surgeons), dentists, veterinary surgeons, apothecaries, pharmacists and those who have received the license mentioned in Article II of the Drugs Act;
2. Opium supplied by pharmacists to persons demanding the same for treatment according to the prescription of physicians (or surgeons), dentists, or veterinary surgeons;
3. Opium supplied by physicians (or surgeons), dentists, or veterinary surgeons to persons demanding the same for medical treatment.

Article XXIV. Any agent intending to export opium for medical use shall submit for approval to the Minister of People's Welfare an application for the same, together with a note regarding the quantity of opium to be exported, and a Permit of Importation granted by the local authorities of the ports of destination.

Article XXV. All agents dealing in opium for medical use, pharmacists and those who have received the license mentioned in Article VIII of the Drugs Act shall keep books containing records of every transaction in such opium, showing the quantity, use, and date of each, as well as the name and address of any person receiving or supplying the same. Opium used by apothecaries for the preparation of medicine shall, however, be excepted. The persons mentioned in the foregoing paragraph shall submit at the end of every January to the respective Governors of the Provinces concerned reports covering the transactions for the year preceding.

Chapter V. Miscellaneous

Article XXVI. An opium purchasing agent, wholesale agent or licensed retail dealer shall, when appointed or licensed, deposit a certain sum fixed by the respective Governors of the Provinces concerned or the Director of the Monopoly Bureau.

Article XXVII. In the event a person who has been appointed or licensed in accordance with the present Regulation or an opium-smoker discontinues smoking or discontinues his business or dies, the said event shall be reported within thirty (30) days of its occurrence to the Director of the Monopoly Bureau or to the Director of the Branch Office of the Monopoly Bureau in the case of opium purchasing agents and opium wholesale agents and to the respective Governors of the Provinces concerned in the case of others. Such reports shall be made by the person in question (principal) or his inheritor or the receiver of his property, who shall seek the advice of the authorities concerned with regard to the disposal of the opium, poppy, or instruments for opium-smoking in existence at the time of such event.

In case the principal or the inheritor desires to obtain the fund deposited with the authorities, in any of the events described in the foregoing paragraph, a request for the same shall be made to the Governor of the Province concerned or the Director of the Monopoly Bureau.

Article XXVIII. An opium retail dealer who intends to open a place for opium-smoking shall apply for the same to the respective Governor concerned by submitting the following facts:

1. Name; Address; Year and date of birth.
2. Location and equipment of the opium-smoking place.

Article XXIX. All papers to be filed with the Minister of People's Welfare as required by the present Regulation shall be submitted through the respective Police Offices concerned, and those to be filed with the Director of the Monopoly Bureau through the nearest Branch of the Monopoly Bureau.

Chapter VI. Punishment

Article XXX. Any person who violates the provisions of Article VI or VIII shall be punished by confinement or a fine not exceeding one hundred (100) yuan.

Article XXXI. Any person who violates the provisions of Article XI or XIV or XXV shall be punished by confinement not exceeding one month or a fine not exceeding one hundred (100) yuan.

Article XXXII. In case any person dealing in instruments for opium-smoking in accordance with the provisions of the present Regulation or any one permitted to cultivate popply is found to have committed dishonest acts in connection with his business, he may be ordered to suspend his business, or he may have his appointment or permit cancelled, or may have his deposit money confiscated.

Supplementary

Article XXXIII. The term "Governor of a Province" as used in the present Regulation shall mean the Inspector General of the metropolitan Police within the jurisdiction of the Metropolitan Police Board.

ARTICLE XXXIV. The present Regulation shall come into force on the date of enforcement of the Opium Law.

No. 10 Manchoukuo-German Treaty of Amity

May 12, 1938

Desirous of establishing a lasting foundation for the promotion of friendly relations between Manchoukuo and Germany, the Governments of Manchoukuo and Germany have decided to conclude a treaty for the said purpose and appointed therefor the following Plenipotentiaries:

Hiyoshi Kato, Trade Representative of the Manchoukuo Government stationed in Germany.

Baron Ernest von Weizsaecker, State Secretary for Foreign Affairs of the German Government.

The aforementioned Plenipotentiaries, having communicated to each other their full powers found in good and due form, have agreed as follows:

ARTICLE I. The Governments of Manchoukuo and Germany shall immediately open diplomatic and consular relations.

ARTICLE II. Before the conclusion of a consular treaty, either of the High Contracting Parties shall accord the same treatment to the consuls of the other as that accorded the consuls of most-favoured-treatment nations, on reciprocal terms respecting the appointment, powers and privileges whereof.

ARTICLE III. The High Contracting Parties shall open, without delay, negotiations for the conclusion of a general treaty of trade and navigation. In that case, they shall acquiesce, as far as possible, to the requirements of each other.

ARTICLE IV. The present Treaty shall be ratified as quickly as possible, and the ratifications shall be exchanged in Berlin.

The present treaty shall enter into force from the day when the High Contracting Parties through their respective trade representatives stationed in the capitals of each other have mutually communicated the completion of the ratification thereof.

In faith whereof, the Plenipotentiaries of both sides have signed the present Treaty prepared in duplicate in Chinese and German, both of which are equally authentic, and affixed their seals thereto.

Done on the twelfth day of the fifth month of the fifth year of Kangte, corresponding to the twelfth day of the fifth month of the year 1938.

(L. S.) Hiyoshi Kato for the Government of Manchoukuo.

(L. S.) Baron Ernest von Weizsaecker for the Government of Germany.

No. 11 Italo-Japanese-Manchoukuo Treaty

(1) Accord Entre le Gouvernement d'Italie, le Gouvernement du Japon et le Gouvernement du Mandchoukouo Pour Légler les Échanges Commerciaux et les Paiements y Afférents entre l'Italie d'une Part et le Japon et le Mandchoukouo d'Autre Part

August 27, 1938

Le Gouvernement d'Italie, le Gouvernement du Japon et le Gouvernement du Mandchoukouo, animés du désir de développer leurs échanges commerciaux sur la base de l'équilibre entre la valeur globale des exportations italiennes au Japon et au Mandchoukouo d'une part et la valeur globale des exportations japonaises et mandchoues en Italie d'autre part, sont convenus de conclure un accord entre eux et ont autorisé à cet effect leurs plénipotentiaires respectifs à arrêter les dispositions suivantes:

ARTICLE I. Le Gouvernement d'italie s'engage à réserver aux marchandises originaires et en provenance du Japon et du Mandchoukouo les contingents d'importation annuels en valeur dont la liste sera arrêtée selon les dispositions de l'article II du présent Accord.

Le Gouvernement du Japon et le Gouvernement du Mandchoukouo s'engagent solidairement à réserver aux marchandises originaires et en provenance de l'Italie les contingents d'importation annuels en valeur dont la liste sera arrêtée selon les dispositions de l'article II du présent Accord.

L'origine des marchandises sera prouvée par un certificat d'origine.

ARTICLE II. Les listes prévues à l'article précédent seront arrêtés d'un commun accord par les autorités compétentes des pays contractants de sorte que le total en valeur des contingents d'importation au Japon et au Mandchoukouo, globalement considérés, des marchandises originaires et en provenance de l'Italie soit égal au total en valeur des contingents d'importation en Italie des marchandises originaires et en provenance du Japon et du Mandchoukouo globalement considérés.

Les contingents indiqués dans les listes susdites pourront être modifiés, en quelque temps que ce soit, d'un commun accord par les autorités compétentes des pays contractants.

ARTICLE III. Les pays contractants s'engagent à régler, conformément aux conditions prévues au présent Accord, les paiements relatifs aux achats de marchandises indiquées dans les listes prévues à l'article premier et dans la limite des contingents y relatifs par l'octroi par le libre transfert, selon des dispositions en vigueur dans les pays importateurs, des devises nécessaires au paiement des marchandises, conformément aux conditions de vente.

ARTICLE IV. Deux comptes d'ordre statistique seront tenus pour tous les paiements effectués et les encaissements réalisés en exécution des dispositions de d'article III. Un des comptes statistiques susdits sera tenu en Italie par l'Istituto Nazionale per i Cambi con l'Estero et l'autre sera tenu pour le Japon et le Mandchoukouo par Yokohama Syōkin Ginkō.

Les comptes statistiques seront libellés en livre sterling; dans le cas de marchandises contractées en monnaie autre que la livre sterling, leurs montants en valeur, aux seules fins des enregistrements dans les comptes statistiques, seront convertis en livre sterling d'après le cours officiel de la Bourse de Rome ou le cours côté à Tōkyō, respectivement du jour du paiement ou de l'encaissement.

Aux comptes statistiques susdits seront aussi inscrits les paiements et les encaissements par des maisons établies dans un pays tiers pour des achats de marchandises originaires et en provenance de l'Italie importées au Japon et au Mandchoukouo et de marchandises originaires et en provenance du Japon et du Mandchoukouo importées en Italie indiquées dans les listes respectives prévues à l'article premier.

La valeur les marchandises sera calculée sur la base de prix F. O. B.

Les paiements effectués, par les importateurs ou les exportateurs du côté japonais et mandchou à des sociétés ou à des particuliers du côté italien pour le règlement des frais de transport, d'assurance et frais accessoires relatifs aux importations ou aux exportations des marchandises indiquées dans les listes prévues à l'article premier, seront inscrits dans les comptes statistiques comme encaissements réalisés en Italie.

Les paiements effectués, par les importateurs ou les exportateurs du côté italien à des sociétés ou à des particuliers du côté japonais et mandchou pour le règlement des frais de transport, d'assurance et frais accessoires relatifs aux importations ou aux exportations des marchandises indiquées dans les listes prévues à l'article premier, seront inscrits dans les comptes statisques comme encaissements réalisés au Japon et au Mandchoukouo.

ARTICLE V. Dans le but de constater la situation de la balance des échanges visée au présent Accord, l'Istituto Nazionale per i Cambi con l'Estero et Yokohama Syōkin Ginkō se transmettront chaque mois une situation des enregistrements effectués dans les comptes statistiques prévus à l'article précédent.

A la fin de chaque semestre, on établira les soldes des comptes statistiques susdits.

Dans le cas où, d'après les données des comptes statistiques, il résultera que l'Italie aura fourni, pendant le semestre en question, pour les opérations visées à l'article IV, un montant de devises supérieur à celui qui a été encaissé, le Gouvernement d'Italie aura le droit de suspendre, pour les semestres successifs, l'octroi des contingents d'importation des marchandises originaires et en provenance du Japon et du Mandchoukouo tant que le solde en défaveur de l'Italie n'ait pas été réglé par les achats de la part du Japon et du Mandchoukouo de marchandises originaires et en provenance de l'Italie indiquées dans la liste prévue à l'article premier.

De même, dans le cas où le Japon et le Mandchoukouo auront globalement fourni, pendant le semestre en question, pour les opérations visées à l'article IV, un montant de devises supérieur à celui qui a été encaissé, le Gouvernement du Japon et le Gouvernement du Mandchoukouo auront le droit de suspendre, pour les semestres successifs, l'octroi des contingents d'importation des marchandises originaires et en provenance de l'Italie, tant que le solde en leur défaveur n'ait pas été réglé par les achats de la part de l'Italie de marchandises originaires et en provenance du Japon et du Mandchoukouo indiquées dans la liste prévue à l'article premier.

ARTICLE VI. L'Istituto Nazionale per i Cambi con l'Estero et Yokohama Syōkin Ginkō seront autorisés d'arrêter par un arrangement entre eux les modalités techniques qui pourront être nécessaires à l'exécution du présent Accord. Ledit arrangement devra être homologué par les autorités compétentes des pays contractants. Il en sera de même en cas de modification dudit arrangement.

ARTICLE VII. Les opérations de compensation privée entre les marchandises originaires et en provenance de l'Italie et celles originaires et en provenance de Japon ou du Mandchoukouo seront admises avec l'autorisation préalable des autorités compétentes respectives des pays contractants.

ARTICLE VIII. Les dispositions du présent Accord seront applicables:

pour l'Italie, à tous ses territoires, exception faite de ses colonies et possessions,

pour le Japon, à tous les territoires et possessions lui appartenant et administrés par lui et

pour le Mandchoukouo, à tous ses torritoires.

ARTICLE IX. Le présent Accord sera ratifié et les ratifications seront déposées aux archives du Gouvernement du Japon à Tōkyō.

Les Gouvernements d'Italie et du Mandchoukouo auront la faculté de se borner à faire connaître au Gouvernement du Japon, par leur représentant diplomatique respectif à Tōkyō, que la ratification a été donnée et dans ce cas, ils devront transmettre l'instrument aussitôt que faire se pourra.

Un procès-verbal de dépôt sera dressé lorsque les ratifications des pays contractants auront été déposées. A cette fin, la notification prévue à l'alinéa précédent équivaudra au dépôt de l'instrument de ratification.

Le présent Accord, valable pour un an, entrera en vigueur huit jours après la date de ce procès-verbal.

Cet Accord sera considéré prorogé par tacite reconduction de six mois en six mois, s'il ne sera pas dénoncé au moins trois mois avant l'échéance.

EN FOI DE QUOI, les plénipotentiaires ci-après, dont les pouvoirs ont été reconnus en bonne et due forme, ont signé le présent Accord et y ont apposé leurs cachets.

Fait en triple exemplaire à Tōkyō, le 5 juillet 1938,—E. F. XVI, 13 Syōwa, 5 Kangte.

(L. S.) Pour l'Italie — Ettore Conti
(L. S.) Pour le Japon — Kazushige Ugaki
(L. S.) Pour le Mandchoukouo — C. T. Yuan

(2) Protocole de Signature

August 27, 1938

Au moment de signer l'Accord entre le Gouvernement d'Italie, le Gouvernement du Jadon et le Gouvernement du Mandchoukouo pour régler les échanges commerciaux et les paiements y afférents entre l'Italie d'une part et le Iapon et le Mandchoukouo d'autre part en date de ce jour, les plénipotentiaires soussignés sont convenus comme suit:

AD. ARTICLE PREMIER. 1) Le mot "annuel" indique une année comptée à partir du jour de la mise en exécution du présent Accord.

2) D'un commun accord entre les autorités compétentes respectives, le certificat d'origine pourra être substitué par les licences d'exportation délivrées par les associations des exportateurs établies par l'autorisation de l'un des pays contractants, ou par d'autres documents similaires.

AD. ARTICLE V. Si le solde est substantiel et s'il est dû principalement à la différence des paiements de frais de transport, d'assurance et frais accessoires, les autorités compétentes des pays contractants se mettront d'accord afin de l'ajuster.

Fait en triple exemplaire à Tōkyō, le 5 juillet 1938,—E. F. XIV, 13 Syōwa, 5 Kangte.

Ettore Conti
Kazushige Ugaki
C. T. Yuan

No. 12. Manchoukuo-Polish Notes for Exchanging Consuls

October 19, 1938

(1)

His Excellency Mr. Yuan Chen-tuo,
Ambassador Extraordinary and Plenipotentiary of the Empire of Manchou in Tokyo.

Tokyo, October 19th, 1938.

Monsieur l'Ambassadeur,

With reference to the recent conversations between us on the present subject, I have the honour to inform Your Excellency that, desiring to render normal the legal status of the Consulate of Poland in Harbin, pending the definitive settlement thereof by an appropriate agreement between our two countries, and in view of the recent change of the officer at the head of the said Consulate the Polish Government wishes to obtain the Imperial Exequatur of Manchoukuo for the new Consul and for each now appointee in furture.

Under instructions from my Government, I have the honour to declare to Your Excellency that, if your Government contemplates opening a Consulate of Manchoukuo in Warsaw or other suitable place in Poland and requests of grant of the Polish Exequatur for the Consul of Manchoukuo there, my Government is prepared to accede to the request on normal conditions and on condition of reciprocity.

I avail myself of this opportunity to renew to Your Excellency, Monsieur l'Ambassadeur, the assurance of my highest consideration.

(Signed) Tadeusz Romer

(2)

His Excellency Mr. Tadeusz Romer,
Ambassador Extraordinary and Plenipotentiary of the Republic of Poland in Tokyo

The 19th October, 1938,
The 5th Year of Kangte

Monsieur l'Ambassadeur,

I have the honour to acknowledge the receipt of Your Excellency's note of

today's date, in which you have been so good as to make communication to me as follows:

"With reference to the recent conversations between us on the present subject, I have the honour to inform Your Excellency that, desiring to render normal the legal status of the ment thereof by an appropriate agreement between our two countries, and in view of the recent change of the officer at the head of the said Consulate, the Polish Government wishes to obtain the Imperial Exequatur of Manchoukuo for the new Consul and for each new appointee in future.

"Under instructions from my Government, I have the honour to declare to Your Excellency that, if your Government contemplates opening a Consulate of Manchoukuo in Warsaw or other suitable place in Poland and requests the grant of the Polish Exequatur for the Consul of Manchoukuo there, my Government is prepared to accede to the request on normal conditions and on condition or reciprocity."

I have the honour hereby to declare that I am authorized to accept, in the name of my Government, the contents of the above communication.

I avail myself of this opportunity to renew to Your Excellency, Monsieur l'Ambassadeur, the assurance of my highest consideration.

(Signed) C. T. Yuan

(3)

His Excellency Mr. Yuan Chen-tuo,
Ambassador Extraordinary and Plenipotentiary of the Empire
of Manchou in Tokyo.

Tokyo, October 19th, 1938.

Monsieur l'Ambassadour,

With reference to the notes exchanged between us under today's date for the purpose of rendering normal the legal status of the honour to state that I should be grateful if Your Excellency would be good enough to inform your Government that my Government has appointed Mr. Jerzy Litewski as Consul of Poland in Harbin in succession to the last holder of the office, Mr. Aleksander Kwiatkowski. Mr. Litewski who assumed his new duties under date of April 1st, 1938, will proceed to Hsinking to present his Letters Patent and obtain the Imperial Exequatur of Manchoukuo.

I avail myself of this opportunity to renew to Your Excellency, Monsieur l'Ambassadeur, the assurance of my highest consideration.

(Signed) Tadcusz Romer

(4)

His Excellency Mr. Tadeusz Romer,
Ambassador Extraordinary and Plenipotentiary of the Republic
of Poland in Tokyo.

The 19th October, 1938,
The 5th Year of Kangte.

Monsieur l'Ambassadeur,

I have the honour to acknowledge the receipt of Your Excellency's note of today's date, in which you have been so good as to make a communication to me as follows:

"With reference to the notes exchanged between us under today's date for the purpose of rendering normal the legal status of the Consulate of Poland in Harbin on condition of reciprocity, I have the honour to state that I should be grateful if Your Excellency would be good enough to inform your Government that my Government has appointed Mr. Jerzy Litewski as Consul of Poland in Harbin in succession to the last holder of that office, Mr. Aleksander Kwiatkowski, Mr. Litewski who assumed his new duties under date of April 1st, 1938, will proceed

to Hsinking to present his Letters Patent and obtain the Imperial Exequatur of Manchoukuo."

I have the honour to state that I have not failed to convey the above information to my Government. I should be grateful if Your Excellency would be so good as to inform Your Government that my Government has taken due note of the contents of your note under acknowledgement, and that, when Mr. Jerzy Litewski comes to Hsinking to present his Letters Patent, my Government will be glad to grant the Exequatur to him in the capacity of Consul of Poland in Harbin.

I avail myself of this opportunity to renew to Your Excellency, Monsieur l'Ambassadeur, the assurance of my highest consideration.

(Signed) C. T. Yuan

(5)

His Excellency Mr. Yuan Chen-tuo,
Ambassador Extraordinary and Plenipotentiary of the Empire
of Manchou in Tokyo.

Tokyo, October 19th, 1938.

Monsieur l'Ambassadeur,

By virtue of an arrangement concluded between us by the exchange of notes effected between us under today's date, our respective Governments have agreed upon the making normal of the legal status of our respective Consulates on condition of reciprocity. Pending the conclusion of an appropriate and formal agreement between our two countries concerning question relative to the functions and competence of Consuls as well was to the property, rights and interests of the nationals of each country in the territories of the other and to economic relations between the two countries, there shall exist the following understanding between our two Governments:

1. Poland as well as Manchoukuo shall each accord, on condition of reciprocity, the most-favoured-nation treatment which is accorded to the Consular Officers of any third country, to the Consular Officers of the other in its own territories in respect of their privileges, powers and competence.

2. Poland as well as Manchoukuo shall each accord, as a rule, in compliance with the laws and regulations of the country and on condition of reciprocity, the most-favoured-nation treatment which is accorded to the nationals of any third country, to the nationals of the other in respect of the undermentioned items:

a. Travel, residence and occupation;
b. Personal and family status;
c. Property, rights and concessions;
d. Organizations, institutions, activities and publications concerning matters national, confessional, professional, economic, cultural and physical.

3. The principle of the most-favoured-nation treatment mentioned in the preceding paragraphs shall not apply to matters relating to common defence with an Ally, or to matters relating to the special and inseparable relationship with neighbouring countries due to military, political, racial and other circumstances.

4. With regard to commerce and mutual economic collaboration, the two Governments shall favourably deal with matters connected therewith until the relations in the said sphere between the two countries shall have been formally regulated and promoted by the conclusion of a Treaty of Commerce between them.

I should be grateful if Your Excellency would be good enough to inform your Government that my Government is prepared henceforth to conform to the terms of the understanding above embodied, and, in reply to my present note, would be good enough also to confirm the acceptance of the said terms, in the name of Your Government.

I avail myself of this opportunity to renew to Your Excellency, Monsieur l'Ambassadeur, the assurance of my highest consideration.

(Signed) Tadeusz Romer

(6)

His Excellency Mr. Tadeusz Romer,
Ambassador Extraordinary and Plenipotentiary of the Republic of Poland in Tokyo

The 19th October, 1938,
The 5th Year of Kangte.

Monsieur l'Ambassadeur,

I have the honour to acknowledge the receipt of Your Excellency's note of today's date, in which you have been so good as to make a communication to me as follows:

"By virtue of an arrangement concluded between us by the exchange of notes effected between us under today's date, our respective Governments have agreed upon the making normal of the legal status of our respective Consulates on condition of reciprocity. Pending the conclusion of an appropriate and formal agreement between our two countries concerning questions relative to the functions and competence of Consuls as well as to the property, rights and interests of the nationals of each country in the territories of the other and to economic relations between the two countries, there shall exist the following understanding between our two Governments:

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"a. Travel, residence and occupation;

"b. Personal and family status;

"c. Property, rights and concessions;

"d. Organizations, institutions, activities and publications concerning matters national, confessional, professional, economic, cultural and physical.

"3. The principle of the most-favoured-nation treatment mentioned in the preceding paragraphs shall not apply to matters relating to common defence with an Ally, or to matters relating to the special and inseparable relationship with neighbouring countries due to military, political, racial and other circumstances.

"4. With regard to commerce and mutual economic collaboration, the two Governments shall favourably deal with matters connected therewith until the relations in the said sphere between the two countries shall have been formally regulated and promoted by the conclusion of a Treaty of Commerce between them.

"I should be grateful if Your Excellency would be good enough to inform your Government that my Government is prepared henceforth to conform to the terms of the understanding above embodied, and in reply to my present note, would be good enough also to confirm the acceptance of the said terms in the name of your Government."

I have the honour hereby to declare that I am authorized to confirm, in the name of my Government, the acceptance of the contents of the above communication.

I avail myself of this opportunity to renew to Your Excellency Monsieur l'Ambassadeur, the assurance of my highest consideration.

(Signed) C. Y. Yuan

No. 13 Revised Customs Tariff of Manchoukuo: An Abstract

Promulgated on January 1, 1938

(A) EXPORTS

Ginseng	Ad valorem	5%
Liquorice	100 kilograms	2.00
Millet	Ton	7.00
Buckwheat	„	3.40
Beans and peas (excepting groundnuts)		
1. Soya beans	„	2.40
2. Green beans and red beans	„	4.80
3. Other beans	„	4.00
Furs	Ad valorem	5%
Animalhair	100 kilograms	6.50
Pig's hair		
1. Bristles	„	46.80
2. Others	„	1.50
Sessame	Ton	11.00
Perilla	„	8.00
Hempseeds	„	5.00
Castor-seeds	„	8.00
Bean oil	„	5.00
Perilla oil	„	12.00
Coal and briquete	„	0.15
Perilla cakes	„	0.17

(B) IMPORTS

No. 1 Drugs, Chemicals and Medicines, Dyes, Pigments, Paints and Varnishes, and Explosives

Drugs, medicines and dyes, made of animals and vegetables, n. o. r.	Ad valorem	12.5%
Sulphur	100 kilograms	0.70
Powder, zinc	„	5.00
Caustic soda, crude	„	1.70
Nitrite of soda (Chille Saltpetre)	„	1.40
Soda ash	„	2.00
Postassium chlorate	„	4.55
Sulphate of ammonia	Ad valorem	12.5%
Carbonate of calcium	100 kilograms	1.20
Flowers of zinc and zinc sulphide	„	4.60
Zinc, red lead, lead oxide	„	4.40
Catalyser, n. o. r.	Ad valorem	5%
Crude rubber and gutta-percha	100 kilograms	7.30
Glue	„	5.80
Resin	„	2.40
Serum and vaccine		Free
Toilet soap	Ad valorem	22.5%
Soap, household and laundry use	„	15%
Soap, household and laundry (including blue mottled)	„	15%
Drugs and medicines n. o. r.	„	15%
Perfumery, Cosmetics, rouge and toilet articles, n. o. r.	„	30%
Coal-tar dyes		
A. Sulphur black		
1. Liquid or paste	100 kilograms	5.70
2. Others	„	7.20
B. Indigo, artificial		
1. Liquid or paste	Ad valorem	22.5%
2. Others	„	22.5%
C. Others	„	25%
Ink, printing		
A. Black		
1. No more than 5 kilograms including vessel	„	17.5%
2. No more than 150 kilograms including vessel	„	17.5%
3. Others	100 kilograms	3.90
B. Others	Ad valorem	17.5%
Paints		
A. Enamel paints, including vessel	100 kilograms	11.60
B. Others		
1. Paste	Ad valorem	20%
2. Others	„	20%

No. 2 Foodstuffs and Tobacco

Rice, unhulled	100 kilograms	0.70
Rice, hulled	„	1.00
Barley	„	0.80
Malt	„	6.45
Wheat flour	„	1.65
Orange	„	1.40
Apple	„	1.70
Bananas	„	1.30
Raisins	„	8.30
Fruits. n. o. r.		
1. Pears including vessel	„	5.80
2. Others, including vessel	„	8.70
Vegetables, fresh	Ad valorem	10%
Seaweed, long	100 kilograms	1.00
Seaweed, cut	„	1.20
Prawns, shrimps, dried		
1. With shell	„	2.70
2. Others	„	23.60
Fish, shell-fish	Ad valorem	10%
Shark's fins		
1. Prepared	1 kilogram	2.80
2. Others	100 kilograms	38.50
Fish, shell-fish, dried		
1. Sardine	„	0.90
2. Herring	„	1.30
3. Salmon	Ad valorem	17.5%
4. Codfish	„	12.5%
Eggs, hen's fresh	100 kilograms	8.80
Butter, including vessel	„	38.70
Milk food	Ad valorem	17.5%
Milk, condensed, including vessel	100 kilograms	12.00

Margarine and fat for cooking use, n. o. r.	100 kilograms	13.40
Salt and brine, bottled and canned	„	6.10
Sugar		
1. Under Dutch Standard No. 11	„	7.50
2. Under Dutch Standard No. 22	„	12.00
3. Others	„	14.50
Sugar candy, cubic loaf and others	„	20.00
Confectionary	Ad valorem	30%
Soy, amin-acid soy		
1. Bottled, including vessel	100 kilograms	2.60
2. Canned, including vessel	„	3.50
3. Others	„	2.80
Tea		
1. Black	Ad valorem	25%
2. Green	„	22.5%
Sake		
1. In bottles, including vessel	110 kilograms	24.40
2. Others, including vessel	„	35.30
Beer in bottles, including vessel	„	9.40
Drinks, n. o. r.	Ad valorem	20%
Tobacco, leaf		
1. No more than 115 yuan in value per 100 klgs.	100 kilograms	25.45
2. No more than 200 yuan in value per 100 klgs.	„	82.15
3. Others	„	129.70
Cigars and cigarettes	Ad valorem	100%
Tobacco, n. o. r.		
1. In cans	„	100%
2. Others	„	80%

No. 3 Animals and Vegetables and Products Manufactured Thereof

Furs		
1. Sheep, kid and rabbit skins, not colored, excepting real and artificial astrakhan	Ad valorem	30%
2. Others	„	30%
Hides, skins and leathers, n. o. r.	100 kilograms	10.90
Leather, sole (only shoe-shaped)		
1. Crop, bend, budd, strip, and imitation leather thereof	„	48.15
2. Others	„	39.40
Hides, skins and leathers, n. o. r.		
1. Crocodile skin, snake skin, ostrich skin, and lizard leather	Ad valorem	25%
2. Antelopes skin and imitation antelope leather	„	20%
3. Others		
A. Colored or dyed		
a. Hides, buffalo, cow	Ad valorem	20%
b. Others	„	20%
B. Others	„	20%
Seeds and shells, n. o. r.		Free
Mats		
1. Made of orchid	100 kilograms	5.10
2. Made of reed	„	1.40
Hardwood, timber, n. o. r.		
1. Only rough hewn, sawn or split		
A. Round logs	Ad valorem	12.5%
B. Others	Cubic metre	7.90
2. Others	Ad valorem	20%
Softwood, round logs		
1. Cedar		
A. No more than 12 cm. in diameter	Cubic metre	1.20
B. Others	„	1.70
Railway sleepers	„	0.90
Timber, manufactured, n. o. r.	Ad valorem	22.5%
Chemical wood pulp	100 kilograms	2.00

No. 4 Oil, Fat, Waxes, and Paraffin

Fish and sea animal oil, excepting cod liver oil	Ad valorem	12.5%
Stearine (hard fatty acid)	100 kilograms	6.50
Lubricating oil (in bulk)	100 litres	3.20
Paraffin-wax	100 kilograms	6.70
Mineral grease (in bulk)	„	5.10

No. 5 Organic Fabrics and Manufactures Thereof

Ginned cotton	100 kilograms	7.15
Jute and Tsim-ma		
1. Cutting	„	1.10
2. Others	„	2.00
Wool, including goat's wool, camel's hair and lama hair		
1. With fat	„	19.30
2. Washed, bleached or dyed	„	37.40
3. Carded or combed	„	43.50
4. Others		
A. Refined wool	„	14.70
B. Others	Ad valorem	10%
Artificial silk	100 kilograms from	20.55
Silk		
1. Raw	Ad valorem	17.5%
2. Others	„	17.5%
Cotton threads, single or double ginned		
1. Raw		
A. Single, no more than 25-count in English style	100 kilograms	18.00
B. Single, no more than 35-count	„	23.90
C. Single, no more than 35-count	„	26.30

D. Others	100 kilograms	38.00
2. Others		
A. Single, no more than 25-count	„	26.70
B. Single, no more than 35-count	„	33.10
C. Single, no more than 45-count	„	36.10
D. Single, no more than 65-count	„	50.60
E. Others	„	63.20
Cotton thread and yarn n. o. r. no more than 15 grams in weight and 10 metres in length		
1. Knitting and embroidery	Ad valorem	22.5%
2. Others		
A. Spooled	100 kilograms	86.70
B. Others	Ad valorem from to	17.5% 20. %
Woollen threads for knitting by hand, including mixture of other fibre		
1. Made of wool	100 kilograms	110.10
2. Others		
A. Mixture of silk	Ad valorem	25%
B. Others	100 kilograms	54.40
Woollen yarn and threads, including mixture of other fibre, n. o. r.		
1. Made of wool		
A. Combed	100 kilograms	112.40
B. Others	Ad valorem	17.5%
Silk yarn and threads, including mixture of other fibre	„	22.5%
Staple fibre, including mixture of vegetable fibre		
1. Spun	100 kilograms	28.90
2. Others	Ad valorem	22.5%
Cord, wire, and rope		
1. Manila rope, made of hemp		
A. No more than 2 cm. in circumference	Ad valorem	15.0%
B. Others	100 kilograms	5.80

No. 6 Cotton, Silk, Woollen, Staple Fibre and Other Piece Goods and Manufactures Thereof

Pile textiles		
1. Made of silk	Ad valorem	27.5%
2. Mixed with silk	„	27.5%
3. Made of wool	„	27.5%
4. Mixture of wool with other fibre, excepting silk	100 kilograms	139.80
5. Mixture of staple fibre with vegetable fibre		
A. Knitted cloth	„	64.10
B. Others	„	85.00
6. Cotton piece goods		
A. Terry pile cloth	100 kilograms	55.60
B. Corduroy	„	40.50
C. Others	„	72.10
7. Others	Ad valorem	25%
Cotton flannel and other cotton tissues, raised		
1. Both sides, raised		
A. No more than 3 grams per 10 cm. square	100 kilograms	30.20
B. Others	„	24.55
2. Others		
A. Unbleached		
a. No more than 70 threads of each warp and woof per 1 cm. square	„	24.00
b. Others	Ad valorem	20%
B. Others	„	20%
Cotton tissues, no more than 50 cm. in width, n. o. r.		
1. Tissues of wide breadth		
A. Unbleached		
a. No more than 2.5 grams per 10 cm. square	100 kilograms	20.70
b. Others	„	25.30
B. Cotton tissues, printed	„	36.70
C. Others	„	30.70
2. Others		
A. Unbleached	Ad valorem	17.5%
B. Others	„	20.0%
Cotton tissues, unbleached, n. o. r.		
1. No more than 1 grams per 10 cm. square	100 kilograms	26.50
2. No more than 2 grams per 10 cm. square		
A. No more than 45 threads of each warp and woof per 1 cm. square	„	20.60
B. No more than 70 threads	„	21.60
C. No more than 100 threads	„	25.20
D. Others	„	28.80
3. No more than 3 grams per 10 cm. square		
A. No more than 70 threads of each warp and woof per 1 cm. square	„	20.90
B. No more than 100 threads	„	24.20
C. Others	„	30.30
4. Others	„	18.10
Cotton tissues, printed n. o. r.		

1. No more than 50 threads of each warp and woof per 1 cm. square	100 kilograms	36.80
2. No more than 70 threads	„	47.30
3. No more than 100 threads	„	58.40
4. Others	Ad valorem	22.50%
Cotton tissues, n. o. r.		
1. No more than 1.5 grams per 10 cm. square		
A. No more than 50 threads of each warp and woof per 1 cm. square	100 kilograms	30.90
B. No more than 70 threads	„	38.00
C. No more than 100 threads	„	57.60
D. Others	„	86.00
2. No more than 25 grams per 10 cm. square		
A. No more than 50 threads of each warp and woof per 1 cm. square	„	23.60
B. No more than 100 threads	„	37.80
C. Others	„	50.60
3. Others		
A. No more than 100 threads of each warp and woof per 1 cm. square	„	27.70
B. Others	„	49.40
Woollen textile and textile mixed with wool and other fibres		
1. Used cotton only for warp or woof		
A. No more than 2 grams per 10 cm. square	„	189.60
B. No more than 5 grams per 10 cm. square	„	74.50
C. Others	„	42.40
2. Others		
A. No more than 3 grams per 10 cm. square	„	151.40
B. Others	„	94.90
Silk textiles or those mixed with any other fibres except wool, no more than 45 cm. in width		
1. Crepe or "Kabe"	Ad valorem	27.5%
2. Others	„	25%
Silk textiles or those mixed with any other fibres, n. o. r.		
1. Of all ginned silk		
A. Crepe or "Kabe"	„	27.5%
B. Others	„	25%
2. Mixture or ginned silk		
A. Crepe or "Kabe"	Ad valorem	27.5%
B. Others	„	25%
3. Others		
A. Silk pongee used for warp or woof	„	22.5%
B. Others	„	25%
Rayon textiles and those mixed with vegetable fibres		
1. Crepe or "Kabe"	„	27.5%
2. Others	„	25%
Towels, including towel cloth, and towels made of cotton		
1. In vessel for retail purpose	100 kilograms	37.70
2. Others		
A. New ones		
a. Double woven or one over the other	„	72.90
b. Others	„	40.65
3. Others	„	10.50
Blanket		
1. Made of wool or mixtures with wool and any other fibres	„	88.80
2. Made of cotton		
A. Figured	„	32.05
B. Others	„	14.30
3. Others	Ad valorem	25%
Gunny bags		
1. New ones	100 kilograms	7.80
2. Old ones		
A. No more than 18 yuan in value per 100 kilograms	„	1.60
B. Others	„	2.20

No. 7 Clothing, All Articles of Personal Wear and Parts or Accessories Thereof

Underwear		
1. Silk or silk mixture	Ad valorem	30%
2. Wool or wool and any other fibre mixture, excepting silk	100 kilograms	164.70
3. Artificial silk or artificial silk and vegetable fibre mixture	Ad valorem	27.5%
4. Made of cotton		
A. New one		
a. Raised	100 kilograms	38.80
b. Others	„	57.30
B. Old one	„	15.20
5. Others	Ad valorem	27.5%
Socks and stockings		
1. Silk and silk mixture	„	3%
2. Wool or Wool and any other fibre mixture, excepting silk	100 kilograms	164.10

3. Artificial silk or artificial and vegetable fibre mixture	100 kilograms	151.20
4. Cotton		
A. Knitted	„	83.10
B. Others	Ad valorem	22.5%
5. Others	„	27.5%
Hats and caps		
1. Made of furs or feathers		
A. Made of furs and feathers, excepting wool sheep goat or rabbit furs, not dyed (except astrakhan and imitation thereof	„	35%
B. Others	„	25%
2. Made of felt		
A. Made of felt	100 kilograms	33.40
B. Others		
a. No more than 15 yuan a dozen	A dozen	1.90
b. No more than 50 yuan a dozen	Ad valorem	25%
c. Others	„	30%
Body of hat and cap not blocked	100 kilograms	82.80
Shoes, boots and other clogs, n. o. r.		
1. Vamps made of silk or any other materials mixed with silk	Ad valorem	30%
2. Vamps made of leather	„	25%
3. Vamps made of felt	„	12.30
4. Vamps made of cotton		
A. Cotton sole	„	20%
B. Rubber sole	100 kilograms	17.90
C. Others	Ad valorem	25%
5. Rubber shoes and boots or vamp made of rubber	100 kilograms	19.00

No. 8 Papers, Manufactures Thereof, Books, Publications, Paintings and Writings

Bank-note paper, ledger paper, cartridge paper, Kent paper, Waterman paper, "Tori-no-ko" paper, and any other similar papers thereof	Ad valorem	25.0%
Bank paper, bond paper and any other similar papers	100 kilograms	9.50
Manifold papers, tissue-paper, Bible paper, Indian paper, and any other similar paper	„	12.00
Vellum paper, oil paper, grease proof paper, paraffin paper, and any other similar paper		
1. Pressed, or made use of metal foil or powdered matal	100 kilograms	16.20
2. Others	„	14.30
Flint-paper, friction paper and any other similar glossy paper		
1. Pressed	„	16.20
2. Others	„	14.30
Drawing-paper, n. o. r.		
1. Not including mechanical wood pulp	„	6.10
2. Others	„	5.10
Printing-paper and writing paper, n. o. r.		
1. Newspaper (rolled)		Free
2. Others		
A. Not including mechanical wood pulp	Ad valorem	20%
B. Others	100 kilograms	2.60
Packing-paper, n. o. r.		
1. Decorated with pattern by printing or pressing	„	8.40
2. Others		
A. Paper put on another one, paper on which any other materials are inserted and waterproof paper	„	6.50
B. Others		
a. Made of sodium sulphite pulp or sulphate of soda pulp or mixtures thereof	„	5.20
b. Others	Ad valorem	17.5%
Cigarette paper cut in the form of tape, or with pasted tip, or cigarette paper in booklet form		
1. Cigarette paper in booklet form	100 kilograms	25.00
2. Others	Ad valorem	35.0%
Blotting paper		
Filter-paper (including that cut in a circle)	100 kilograms Ad valorem	11.40 15.0%
Japanese paper, Minogami, rolled letter-paper, and paper for sliding door	„	20.0%
Wall-paper and screen-paper		
1. Made use of powdered metal, or pressed, or decorated with pattern	„	25.0%
2. Others	„	22.5%

Wall board and celling board	100 kilograms	2.30
Cardboard and pasteboard, no more than 300 grams per 1 square metre, n. o. r.		
1. Strawboard		
A. Made of strawboard	„	1.40
B. Others	„	1.90
2. Others		
A. Not including mechanical wood pulp	„	7.20
B. Others		
a. Made of paper without mechanical wood pulp on the surface	„	6.00
b. Others	„	3.50
Wave-like cardboard and pasteboard		
1. Made only of strawboard	„	5.70
2. Others		
A. Not including mechanical wood pulp	„	9.00
B. Others	Ad valorum	17.5%
Vulcanized-paper and vulcanized board	„	20.0%
Carbon paper		
1. Colored on one side	1 kilogram (including packing)	3.30
2. Others	„	0.80
Sensitive paper		
1. With halogen silver	Ad valorem	25.0%
2. Others	100 kilograms (including packing)	17.20
Paper-tape, n. o. r.	100 kilograms (including padding)	13.50
Toilet paper (rolled)	„	6.40
Paper-napkin, paper-towel, paper lace, and paper-border	100 kilograms	10.50
Ruled paper, memo, letter-paper, or type-writing paper, and similar paper thereof		
1. Letter-paper with envelopes	Ad valorem	30.0%
2. Others		
A. Not including mechanical wood pulp	100 kilograms	8.80
B. Others	„ (including packing)	23.90
Private postcards		
1. Printed photograph	1 kilogram	5.80
2. Others		
A. Printed, pressed, colored or decorated with design	100 kilograms (including packing)	34.90
B. Others	Ad valorem	22.5%
Christmas cards and any other similar cards with or without envelopes	Ad valorem	30.0%
Card calendars and block calenders	100 kilograms	12.80
Photograph-mounts		
1. With covers		
A. Covers made of paper, not including mechanical wood pulp	„	42.90
B. Others	„	20.80
2. Others	„	10.30
Envelopes		
1. Made of banknote-paper, cartridge paper, Kent paper, Waterman paper, and any other similar paper	Ad valorem	30.0%
2. Made of packing paper	100 kilograms	6.90
3. Others	„ (including packing)	9.30
Paper bags		
1. Made of packing paper	100 kilograms	6.40
2. Others	Ad valorem	20.0%
Albums and scrap-books		
1. Bound in leather, silk and cloth mixed with silk	„	35.0%
2. Others		
A. Phonograph record album	100 kilograms	42.10
B. Photograph and picture card albums	„	29.30
C. Scrap-books	„	11.70
D. Others	Ad valorem	22.50
Files, clips and any other similar implements for keeping documents		
1. Bound in cloth	„	22.5%
2. Others	„	22.5%
Photographs		
1. Unmounted	1 kilogram	5.80
2. Others	Ad valorem	30.0%
Paintings and writings		Free
Books, picture-book, illustrated book, documents, musical note, newspapers, magazines and any other printed matters, n.o.r.		Free
Maps, atlas, charts, plans, etc.		Free
Bank-notes, paper-money, coupons, shares and any other securities		Free
Waste or old paper		
1. Old newspapers and old magazines	100 kilograms	0.70
2. Others	Ad valorem	10.0%
Paper manufactures, n.o.r.	„	22.5%

No. 9 Minerals, Ceramic Products and Manufactures Thereof

Limestone	1 ton	0.03
Dolomite and magnestite,	Ad valorem	12.5%
Talc and soap-stone	„	12.5%
Lithographic stone		
1. Not worked upon	„	12.5%
2. Others	„	17.5%
Coal	1 ton	0.90
Briquettes	„	1.50
Coke	„	1.60
Emery powder, corundum, carbonate of silicium and any other polishing materials, n.o.r.	Ad valorem	10.0%
Polishing materials (can be used as itself)		
1. Powder or granular	„	15.0%
2. Liquid or paste	„	15.0%
3. Applied to paper		
A. Waterproof	„	15.0%
B. Others	„	15.0%
4. Applied to cloth	„	15.0%
5. Whetstone		
A. Artificial	„	15.0%
B. Others	„	15.0%
6. Others	„	15.0%
Precious stones, semi-precious stones and manufactures thereof	„	20.0%
Amber and amber manufactures, n.o.r.		
1. Not worked upon	„	12.5%
2. Others	„	40.0%
Plaster and plaster works, n.o.r.		
1. Worked upon	„	22.5%
2. Others		
A. Baked	100 kilograms	1.10
B. Others	1 ton	1.70
Black lead and manufactures thereof		
1. Lump and waste	Ad valorem	10.0%
2. Melting-pots, muffles and vessels to withstand white heat	100 kilograms	6.40
3. Others	Ad valorem	15.0%
Asbestos and manufacture thereof		
1. Lump and powder	„	10.0%
2. Fibre	„	12.5%
3. Threads, wires, ropes, nets, etc.	„	12.5%
4. Paper and plate	„	15.0%
5. Others		
A. Brakelining	„	10.0%
B. Others	„	15.0%
Bricks		
1. Baked		
A. Fire bricks and acid-resistance tiles	„	10.0%
Glass rods and tubes	„	17.5%
Glass plates not polished		
1. Colorless, plane		
A. Not more than 2.5 mm. in thickness	9.29 square metres	1.30
B. Not more than 3.5 mm. in thickness		
a. Not more than 1 metre square each	„	2.00
b. Others	„	2.90
C. Others		
a. Not more than 1 metre square each	„	5.80
b. Others	„	7.20
2. Plane, plated with silver or any other metal		
A. Not more than 3.5 mm. in thickness	Ad valorem	22.5%
B. Others	„	22.5%
3. Colored	„	22.5%
4. Others	„	22.5%
Glass plate (polished)		
1. Colorless, plane		
A. Not more than 3.5 mm. in thickness		
a. Not more than 1 square metre each	„	25.0%
b. Others	„	25.0%
B. Others		
a. Not more than 1 square metre each	„	25.0%
b. Others	„	25.0%
2. Plane, plated with silver or any other metal		
A. Not more than 3.5 mm. in thickness	„	25.0%
B. Others	„	25.0%
3. Others	„	25.0%
Glass, frosted or pressed (colorless)		
1. Not more than 2.5 mm. in thickness	9.29 square metre	1.60
2. Others	Ad valorem	22.5%
Looking-glass, n. o. r.		
1. With precious metals or with metals plated with precious metals	„	40.0%
2. Others		
A. Polished		
a. Not framed	„	25.0%
b. Others	„	25.0%
B. Others	„	22.5%
Side-light glass and sky-light glass (not framed)		
1. Polished	„	25.0%
2. Others	„	20.0%
Mosaic-glass	„	30.0%
Photographic dry plate		
1. Not exposed	„	25.0%
2. Others	„	20.0%

Thermos		
1. In case	100 kilograms	30.00
2. Others	1 dozen	0.90
Beads and manufactures thereof, n.o.r.		
1. Cut and polished, etched or engraved	Ad valorem	30.0%
2. Others	„	25.0%
Chinaware and glassware for electric and industrial use		
1. Insulator	100 kilograms	2.80
2. Others	Ad valorem	12.5%
Glass, n.o.r.		
1. Fragment		Free
2. Others	„	10.0%
Chinaware, n.o.r.		
1. Earthenware (Unglazed)	„	12.5%
2. Others		
A. Medical supplies	„	15.0%
B. Others	„	17.5%
Class manufactures, n.o.r.		
1. With precious metals or with metals plated with precious metals	„	40.0%
2. Others		
A. Cut, polished, etched or engraved	„	30.0%
B. Others		
1. Receptacles for drinking wine or soft-drinks	„	20.0%
2. Others	„	20.0%
Enamel ware, n.o.r.	„	17.5%
Portland cement and any other similar cement	1 ton	8.00
Cement manufacture, n.o.r.		
1. Made of cement mixed with asbestos	Ad valorem	17.5%
2. Others		
A. Polished	„	22.5%
B. Others	„	17.5%

No. 10 Mineral Ore, Precious Metals and Manufactures Thereof

Gold		
1. Foil or leaf	Ad valorem	22.5%
2. Others		Free
Siver		
1. Bullion		Free
2. Foil or leaf	„	22.5%
3. Others	„	15.0%
Iron and steel, lamp, sheet or bar		
1. Pig iron	„	10.0%
2. Ferro-alloy	„	10.0%
3. Others	„	10.0%
Iron and steel bars, materials for wire and steel, molded		
1. Steel, molded		
A. Sheet Pile	Ad valorem	12.5%
B. Others	„	15.0%
2. Others		
A. Highly carbonized steel or alloys of steel and any other metal	„	15.0%
B. Others	„	15.0%
Iron and steel rails and fish plates		
1. Rails and fish plates, not more than 20 kilograms per metre	„	15.0%
2. Others	„	15.0%
Iron and steel plates		
1. Plated with metals		
A. Plated with tin	„	15.0%
B. Plated with zinc	„	15.0%
C. Others	„	15.0%
2. Others		
A. Not more than 0.9 mm. in thickness	„	15.0%
B. Not more than 3 mm. in thickness	„	15.0%
C. Others	„	15.0%
Plane steel, belt steel, flat wires and any other flat steel products		
1. Highly carbonized steel or alloys of steel and any other metals	„	15.0%
2. Others		
A. Belt steel	„	15.0%
B. Others	„	15.0%
Iron and steel wire, n.o.r.		
1. Highly carbonized steel or alloys of steel and any other metals	„	15.0%
2. Others		
A. Plated with metals		
a. Not more than 2 mm. in diameter	„	15.0%
b. Others	„	15.0%
B. Others		
a. Not more than 2 mm. in diameter	„	15.0%
b. Others	„	15.0%
Iron and steel pipes, joints, facets and plugs		
1. Plated with metals		
A. Joints, facets and plugs	„	15.0%
B. Others		
a. Over 30 mm. but less than 63mm. in outer diameter	„	15.0%

b. Others	Ad valorem	15.0%
2. Others		
A. Mouldings		
a. Joints, facets and plugs	„	15.0%
b. Others	„	15.0%
B. Others		
a. Over 30 mm. but less than 63mm. in outer diameter	„	15.0%
b. Others	„	15.0%
Iron and steel, n.o.r.		
1. Scrap or old		
A. Fit for re-melting only		Free
B. Others	„	10.0%
2. Others	„	15.0%
Steel		
1. Ingots and sheets	100 kilograms	7.10
2. Bars		
A. Wire materials	„	11.20
B. Others	„	12.50
3. Plates	„	12.35
4. Wires	„	12.40
5. Pipes, joints, facets and plugs	„	14.70
6. Scrap and old (remelting only)	„	6.20
7. Others	Ad valorem	15.0%
Nickel		
1. Ingots, sheets		Free
2. Bars and plates	„	15.0%
3. Scrap and old (remelting only)		Free
4. Others	„	15.0%
Chrome and Manganese		Free
Aluminium		
1. Ingots and sheets	100 kilograms	16.50
2. Bars and plates	„	30.30
3. Foil and leaf		
A. Colored	Ad valorem	22.5%
B. Others		
a. With paper inserted or lined with paper	100 kilograme (including paper)	34.60
b. Other	100 kilograme	69.30
4. Wires	„	29.90
5. Scrap and old (remelting only	Ad valorem	10.0%
6. Others	„	15.0%
Lead		
1. Ingots and sheets	100 kilograms	2.90
2. Plates	„	5.10
3. Foil and leaf	Ad valorem	22.5%
4. Pipes and tubes	100 kilograms	4.90
5. Scrap and old (remelting only)	Ad valorem	10.0%
6. Others	„	15.0%
Zinc		
1. Ingots, sheets	100 kilograms	3.20
2. Plates	„	7.70
3. Shavings	Ad valorem	10.0%
4. Scrap and old (remelting only)	Ad valorem	10.0%
5. Others	„	15.0%
Tin		
1. Ingots, sheets		Free
2. Plates	„	15.0%
3. Foil and leaf (including alloy of tin)	„	22.5%
4. Scrap and old (fit for re-melting only)		Free
5. Others	„	15.0%
Magnesium	„	10.0
Antimony and antimony-regulus		
Brass, bronze or alloy of similar metals and tin or of lead and copper		
1. Ingots and sheets	100 kilograms	5.10
2. Bars	„	8.80
3. Plates	„	11.50
4. Foil and leaf	Ad valorem	22.5%
5. Wires	100 kilograms	12.60
6. Tubes, pipes, joints, facets, bolts and plugs	„	15.90
7. Scrap and old (fit for re-melting only)	„	4.50
8. Others	Ad valorem	15.0%
Alloy of nickel and any other metals		
1. Ingots and sheets		Free
2. Bars and plates	„	15.0%
3. Wires and tubes, or pipes	„	15.0%
4. Scrap and old (fit for re-melting only)		Free
5. Others	„	15.0%
Alloys capable of resisting electric heat		
1. Wires	„	15.0%
2. Others	„	15.0%
Alloys of light metals, such as aluminium or magnesium		
1. Ingots and sheets	„	10.0%
2. Scrap and old (fit for re-melting only)	„	10.0%
3. Others	„	15.0%
Babbitt metal and any other antifriction metals		
1. Ingots and sheets	„	10.0%
2. Others	„	10.0%
Type alloys	100 kilograms	4.20
Alloys possible to melt		
1. Ribbon and wires	„	7.30
2. Others	Ad valorem	15.0%
Solder		
1. With solvent	„	17.5%
2. Others		
A. Solder	100 kilograms	30.00
B. Others	Ad valorem	15.0%

Iron and steel welding (with solvent)	100 kilograms	6.10
Metals made of precious metals, or metals, n.o.r.		
1. Made of precious metals	Ad valorem	30.0%
2. Others		
A. Ingots and sheets	„	10.0%
B. Scrap and old (fit for re-melting only)	„	10.0%
C. Others	„	15.0%
Nails		
1. Made of iron and steel		
A. Ungalvanized	100 kilograms	1.80
B. Others	Ad valorem	15.0%
2. Others	„	15.0%
Screws		
1. Screw nails		
A. Made of iron and steel		
a. With slot at the head of screw	100 kilograms	8.00
b. Others	„	6.70
B. Others	„	26.20
2. Othors	Ad valorem	17.5%
Bolts, nuts and washers		
1. Made of iron and steel		
A. For use with rails	100 kilograms	2.30
B. Others	„	3.80
2. Others	Ad valorem	17.5%
Rivets		
1. Made of iron and steel	100 kilograms	2.60
2. Others	Ad valorem	15.0%
Protectors and spikes for boots or shoes	100 kilograms	7.50
Belt fasteners and belt lacings		
1. Made of iron and steel	„	15.80
2. Others	Ad valorem	15.0%
Cut nails, tacks, staples, spikes and any other nails, n.o.r.		
1. Made of iron and steel		
A. Spikes for rails	100 kilograms	1.50
B. Others	Ad valorem	17.5%
2. Made of copper, brass or bronze	„	17.5%
3. Others	„	17.5%
Pins, clip and any other similar fasteners		
1. Made of iron and steel	„	20.0%
2. Others	„	20.0%
Buckles (excepting belt buckles) hooks and eyes		
1. Shoe-hooks and shoe-eyes	100 kilograms	25.70
2. Others		
A. Made of iron and steel	Ad valorem	20.0%
B. Others	„	20.0%
Needles, knitting needles and crochet hooks		
1. With eye	„	17.5%
2. Others	„	17.5%
1. Made of iron and steel		
A. Not more than 10 woofs and warps per sq. cm.	100 kilograms	5.60
B. Others	„	9.10
2. Others		
A. Not more than 25 woofs and warps per sq. cm.	„	36.40
B. Others	Ad valorem	17.5%
Metal meshes, n.o.r.		
1. Made of iron and steel	100 kilograms	4.90
2. Others	„	23.70
Twisted wires, ropes and cables		
1. Made of iron and steel		
A. Twisted wires		
a. Barbed wire	„	2.10
b. Others	„	3.00
B. Others	„	6.90
2. Made of copper	Ad valorem	15.0%
3. Made of aluminium	„	15.0%
4. Others	„	15.0%
Insulated wires		
1. Insulated only with paint	„	17.5%
2. Covered wires		
A. Made of silk or artificial fibre or cellulose	„	22.5%
B. Others	„	17.5%
3. Armoured or covered by metals	„	12.5%
4. Others		
A. Made of rubber or gutta	„	17.5%
B. Others	„	17.5%
Hooked tubes		
1. Made of iron and steel	„	17.5%
2. Others	„	17.5%
Chains (exclusive of personal ornaments and those for machine purpose)		
1. Made of iron and steel		
A. Wire-chains	„	20.0%
B. Others	„	20.0%
Materials for railway construction, n.o.r.		
1. Made of iron and steel	„	15.0%
2. Others	„	15.0%
Materials for wiring, building, bridge, vessel, dock and tank construction (manufactures, cast and frame-work)		
1. Made of iron and steel		
A. Expanded lathe	100 kilograms	5.80
B. Others		
a. Cast	Ad valorem	15.0%
b. Others	„	15.0%
2. Others	„	15.0%
Spring (exclusive of machine use)		
1. Furniture use	„	20.0%
2. Others	„	20.0%
Cocks and valves		
1. Made of iron and steel	100 kilograms	9.60
2. Made of copper, brass or bronze	„	37.60
3. Others	Ad valorem	20.0%
Door-check, door-lock, hinges, and any other metal fittings for indoor and furniture use		
1. Door-locks		
A. Made of chiefly copper, brass, or bronze for exposure of door-locks	„	20.0%
B. Others	„	20.0%
2. Door-checks	100 kilograms	40.30
3. Others	Ad valorem	20.0%
Farming tools and accessories		Free
Jack, including hydraulic presses		
1. Of hydraulic press	„	10.0%
2. Others	„	10.0%
Tools for navy use, n.o.r.		
1. Hammer, mallets, mauls with or without helves	„	10.0%
2. Vices	„	10.0%
3. Files and rasps	„	10.0%
4. Nail-pullers	„	10.0%
5. Spanners and Wrenches	„	10.0%
6. Pinchers, nippers, priers, etc.	„	10.0%
7. Pinch-grinders, pipe-cutters, taps, etc.	„	10.0%
8. Others	„	10.0%
Tyre-pumps	„	20.0%
Automatic-numbering-machines, stamp-perforators, meat-grinders and any other apparatus for business and family use	„	20.0%
Knives, forks and spoons for table use		
1. Made of brass, bronze or aluminium	„	22.5%
2. Others	„	22.5%

Cork-screws and tin-cutters	Ad valorem	17.5%
Razors and accessories		
1. Safety-razors and accessories, in sets or not		
A. Blades	„	22.5%
B. Others	„	22.5%
2. Others	„	20.0%
Cutlery, n.o.r.		
1. Pocket-knives		
A. Blades made of metal	„	20.0%
B. Others	„	20.0%
2. Others	„	17.5%
Printing types, matrixes and metal presses		
1. Printing types made of alloys		
A. For typewriter use	100 kilograms	54.00
B. Others	„	41.70
2. Others	Ad valorem	17.5%
Pens		
1. Made of gold	„	25.0%
2. Others	„	17.5%
Bells and steam-whistles		
1. Casting		
A. Made of brass or bronze	„	20.0%
B. Others	„	20.0%
2. Others	„	20.0%
Irons and flat-irons		
1. Made of iron and steel	„	20.0%
2. Others	„	20.0%
Stoves and accessories, furnaces, water-heaters, and any other similar heaters and accessories thereof, n.o.r.		
1. Made of iron and steel		
A. Casting	„	17.5%
B. Others	„	20.0%
2. Others	„	22.5%
Radiators		
1. Made of cast-iron	100 kilograms	5.90
2. Others	Ad valorem	22.5%
Fire-extingushers, chemical	„	7.5%
Cylinders for tamping compressed gas, made of iron and copper	100 kilograms	13.90
Tubes and barrels for packing use	Ad valorem	17.5%
Safes and coffers	„	25.0%
Beds, chairs, cabinets, braziers and any other furnitures, n.o.r.		
1. Made of iron and steel		
A. Cabinets, lockers, letter-cases and any other similar containers made of steel plates	„	22.0%
B. Others	„	25.0%

2. Made of copper, brass or bronze	Ad valorem	25.0%
3. Others	„	25.0%
Iron and steel manufactures, n.o.r.		
1. Casting		
A. Not more than 5 kilograms per piece	„	20%
B. Others	„	20.0%
2. Made of plates		
A. Plated with lead	„	20.0%
B. Galvanized	„	20.0%
C. Plated with nickel or chrome	„	20.0%
D. Others	„	20.0%
3. Made of wires	„	20.0%
4. Others		
A. Plated with metal		
a. Plated with lead	„	20.0%
b. Galvanized	„	20.0%
c. Others	„	20.0%
B. Others		
a. Not more than 5 kilograms per piece	„	20.0%
b. Not more than 30 kilograms per piece	„	20.0%
c. Others	„	20.0%
Copper, brass and bronze manufactures, n.o.r.		
1. Engravings and sculptures	„	25.0%
2. Others	„	20.0%
Lead and solder manufactures, n.o.r.	„	20.0%
Alloy manufactures of antimony, n.o.r.	„	20.0%
Aluminium manufactures, n.o.r.		
1. Oxidized surface	100 kilgrams	82.10
2. Others		
A. Casting	„	46.50
B. Others	„	49.80
Precious metals, alloys of precious metals, or made of precious stone, pearls, corals, ambers, ivory-works, tortoise-shell works, excepting Tariff Numbers 1031, 1065 and 1077	Ad valorem	40.0%
Metal manufactures, n.o.r.	„	20.0%

No. 11 Scientific Apparatus, Musical Instruments, Rifles, Guns, Electric Appliances, Vehicles, Vessels, and Equipments of Machines

Rules and any other measures		
1. Made of wood or bamboo	Ad valorem	12.5%
2. Made of metals	„	12.5%
3. Made of cloth		
A. In case	„	12.5%
B. Others	„	12.5%
4. Others	„	12.5%
Measures		
1. Made of wood	„	12.5%
2. Made of glass	„	12.5%
3. Others	„	12.5%
Balances or scales and accessories thereof, weights, and cones		
1. Spring scales	„	12.5%
2. Others	„	12.5%
Watches and clocks		
1. Watches	„	20.0%
2. Others		
A. Chime-clocks, clocks, with precious metals, or plated with precious metals or with trimmings of precious stones and pearls	„	40.0%
B. Others	„	15.0%
Accessories of watches and clocks		
1. Accessories of watches	„	20.0%
2. Others		
A. Frames and accessories made of precious metales, or metals plated with precious metals, or with trimmings of precious stones or pearls	„	40.0%
B. Equipments of chime and movements equipped with chime	„	30.0%
C. Others	„	15.0%
Levels, metronomes, surface plates, protractors, and any other similar standard instruments	„	12.5%
Thermometer	„	12.5%
Gas-meters		
1. Dry meters	100 kilograms	39.40
2. Others	Ad valorem	12.5%
Water-meters		
1. Vane wheel		
A. Weighing not more than 10 kilograms per one	100 kilograms	39.70
B. Others	„	23.70
2. Others	Ad valorem	12.5%
Monometers and vacuometers	„	12.5%

Electric meters		
1. Wattmeters	Ad valorem	12.5%
2. Current meters, voltmeters	„	12.5%
Lenses, prism and any other similar optical glasses (polished)		
1. For microscopes and other scientific purpose	„	12.5%
2. For glasses and spectacles use	„	17.5%
3. Others		
A. For cameras, and any other similar equipment for photographing and projection	„	20.0%
B. Others	„	17.5%
Glasses and accessories thereof, n. o. r.		
1. Precious metals, metals plated with precious metals, and tortoise-shells	„	20.0%
2. Others		
A. Rims and accessories		
a. Made entirely or mostly of celluloid	„	17.5%
b. Others	„	17.5%
B. Others	„	17.5%
Binoculars, telescopes, opera glasses, etc., and accessories thereof n. o. r.		
1. Precious metals, metals plated with precious metals and made of precious stones, pearls, coral, amber, ivory, tortoise-shells, and shells	„	40.0%
2. Others		
A. Made of prism	„	20.0%
B. Others	„	20.0%
Cameras, projectors, magic lantern apparatuses and any other similar photographing and projecting apparatuses and accessories thereof, n. o. r.		
1. Microscopes and those for scientific use	„	12.5%
2. Others	„	20.0%
Electric batteries and accessories thereof		
1. Dry batteries	100 kilograms	10.70
2. Storage batteries	Ad valorem	12.5%
3. Electrodes	„	12.5%
4. Others	„	12.5%
Machines and apparatuses for medical and orthopaedic purposes and accessories thereof	„	12.5%
Scientific machines and apparatuses and accessories thereof, n. o. r.	Ad valorem	12.5%
Musical Instruments and accessories thereof, n. o. r.		
1. Pianos	„	30.0%
2. Pipe-organs	100 kilograms	35.00
3. Harmonicas	Ad valorem	25.0%
4. Brasses	„	30.0%
5. Others	„	30.0%
Gramophones, including those with radio sets		
1. Electric gramophones	„	30.0%
2. Others	„	25.0%
Accessories of gramophones, n. o. r.		
1. Gramophone-needles	„	25.0%
2. Others	„	25.0%
Guns, rifles and pistols and accessories thereof		
1. Rifles		
A. Air-rifles and spring-guns	„	30.0%
2. Pistols	„	30.0%
3. Cartidges without priming		
A. Made of metals	„	30.0%
B. Others	„	30.0%
4. Others	„	30.0%
Typewriters		
1. For Japanese	100 kilograms	138.90
2. Others	„	199.80
Accessories of typewriters		
1. Ribbons	Ad valorem	20.0%
2. Others	100 kilograms	138.90
Calculators and registers Mimeographs and accessories thereof		
1. Mimeographs	Ad valorem	20.0%
A. Rotary mimeographs	„	17.5%
B. Others	„	17.5%
2. Others	„	17.5%
Sewing-machines		
1. Hand sewing-machines		
A. Weighing not more than 10 kilograms per one	100 kilograms	23.80
B. Weighing not more than 20 kilograms per one	„	92.70
C. Others	Ad valorem	17.5%
2. Others	„	17.5%
Accessories of sewing-machines	„	17.5%
Knitting-machines and accessories thereof	„	12.5%
Boilers and heating-boilers		
1. Made of cast iron and copper	100 kilograms	4.80
2. Others	Ad valorem	10.0%

Accessories of boilers and heating-boilers, n. o. r.		
1. Sections of boilers, made of cast iron and copper	100 kilograms	4.80
2. Pipes	Ad valorem	15.0%
3. Stokers	„	15.0%
4. Injectors, ejectors and steam-traps	„	10.0%
5. Guage glasses	„	10.0%
6. Others		
A. Made of iron and copper		
a. Cast iron	„	10.0%
b. Others	„	10.0%
B. Others	„	10.0%
Internal-combusion engines		
1. For motor-cars	„	10.0%
2. For Auto-bicycles	„	15.0%
3. Others	„	10.0%
A. Gasoline engines	„	10.0%
B. Light oil engines	„	10.0%
C. Others	„	10.0%
Accessories of internal-combusion engines, n. o. r.	„	10.0%
Motors, n. o. r.	„	10.0%
Dynamoes, electric motors, rotary converters, Frequency changers, and Synchronous condensers		
1. Weighing not more than 3 kilograms	„	15.0%
2. Weighing not more than 10 kilograms	„	15.0%
3. Weighing not more than 50 kilograms	„	10.0%
4. Weighing not more than 300 kilograms	„	10.0%
5. Others	„	7.5%
Dynamoes connected with motors	„	7.5%
Accessories of dynamoes, electric motors, rotary converters, frequency changers, and synchronous condensers, n. o. r.	„	10.0%
Commutators, n. o. r.	„	10.0%
Transformers and converters		
1. Weighing not more than 15 kilograms	100 kilograms	23.80
2. Weighing not more than 500 kilograms	„	4.60
3. Others	Ad valorem	7.5%
Electric condensers		
1. Convertible electric condensers	100 kilograms	79.10
2. Others		
A. Weighing not more than 40 grams	Ad valorem	15.0%
B. Weighing not more than 500 grams	„	15.0%
C. Others	„	10.0%
Apparatuses for electric use and accessories thereof		
1. Sockets, plugs, switches, receptacles, and any other similar appratuses for indoor electric light supply purposes	„	15.0%
2. Others	„	10.0%
Accessories of electric equipment made of carbon		
1. Bar shape		
A. Weighing not more than 2 kilograms	„	15.0%
B. Others		Free
2. Others		
A. Carbon brushes	„	10.0%
B. Others	„	12.5%
Incandesent lamps and incandesent lamp tubes		
1. For projection purposes and colored		
A. For projection purposes	„	17.5%
B. Others	„	17.5%
2. Others		
A. Electric light bulb heads not over 10 mm. in diameter	100 bulbs	0.30
B. Electric light bulb heads not over 17 mm. in diameter	„	1.50
C. Others		
a. Not over 60 in authorized watts	„	1.80
b. Not over 200 in authorized watts	„	5.40
c. Others	Ad valorem	17.5%
Bulbs and tubes for electric light use (excepting incandesent lamps and incandesent lamp tubes)		
1. X-ray tubes and mercury quartz lamp tubes	„	12.5%
2. Glass lamps	100 bulbs	2.80
3. Others	Ad valorem	17.5%
Electric light and Accessories thereof, n. o. r.		
1. Chandeliers, pendants, brackets, stands and any other similar implements (including those with decorations)	„	25.0%

2. Globes	Ad valorem	25.0%
3. Lamp shades		
A. Made of glass or enamelled ironware without decorations	„	17.5%
B. Others	„	25.0%
4. Clasps for lamp shades	„	17.5%
5. Electric torches and cases thereof	100 kilograms	53.20
6. Safety-lamps for mining use	Ad valorem	10.0%
7. Others	„	20.0%
Electric irons	100 kilograms	16.70
Electric fans	„	65.00
Accessories of electric fans, n. o. r.		
1. Made of iron and steel		
A. Cast iron	Ad valorem	20.0%
B. Others	„	20.0%
2. Others	„	20.0%
Vacuum-cleaners, electric-refrigerators, electric hair-irons, electro cooking ranges and any other electric outfits for daily use or electro-motors and electric heating equipments for family use and accessories thereof, n. o. r.	„	25.0%
Electric bells, buzzers and any other motor-sirens	„	10.0%
1. For motor-car use		
2. Others		
A. Electric-bells and buzzers	„	20.0%
B. Others	„	20.0%
Microphones, amplifiers and loud speakers	„	20.0%
Electric apparatus for communications and accessories thereof, n. o. r.		
1. Radio receivers and accessories thereof		
A. Sets and chassis	„	20.0%
B. Others	„	20.0%
2. Telephone apparatus	„	12.5%
3. Others	„	12.5%
Railway locomotives and rolling-stocks		
1. Locomotives and tenders thereof	„	7.5%
2. Self-operating rolling-stock	„	7.5%
3. Freight cars made of steel	„	7.5%
4. Others	„	7.5%
Accessories of locomotives and rolling-stock (including steam engine) n. o. r.		
1. Axes (with wheels or not)	„	7.5%
2. Wheels and tires	Ad valorem	7.5%
3. Brake-shoes	„	7.5%
4. Automatic connectors	„	7.5%
5. Springs	„	7.5%
6. Others	„	7.5%
Motor cars and motor tractors		
1. Motor-cars	„	50.0%
2. Motor tractors	„	15.0%
3. Others	„	15.0%
Parts of Motor-cars and motor tractors, n. o. r.		
1. For Motor-cars and motor-tractors		
A. Front springs and rear springs	„	10.0%
B. Foot-lights, side-lights and back-lights	„	10.0%
C. Direction indicators	„	10.0%
D. Clutch facing	„	10.0%
E. Others	„	10.0%
2. Others	„	15.0%
Vehicles, n. o. r.		
1. Bicycles		
A. Two-wheeled bicycles	100 kilograms	15.20
B. Others	Ad valorem	15.0%
2. Others	„	15.0%
Rubber-tyres and rubber-tubes		
1. For motor-car and motor-tractor use		
A. Pneumatic tyres	100 kilograms	18.50
B. Inner-tubes	„	24.20
C. Others	Ad valorem	10.0%
2. Others		
A. Pneumatic tyres and inner-tubes	100 kilograms	16.70
B. Others	Ad valorem	15.0%
Accessories of vehicles, n. o. r.		
1. Frames, forks, handle-bars, Hand-brakes, sprocket-wheels with cranks, mud-guards, pedals and saddles (for bi-cycles use)	100 kilograms	11.00
2. Freewheels and sprocket-wheels	„	22.80
3. Wheels with pneumatic tyres or not		
A. With wire-spokes	Ad valorem	15.0%
B. Others	„	15.0%
4. Parts of wheels with pneumatic tyres		
A. Rims, spokes, nipples and metal watches	100 kilograms	6.50
B. Hubs		
a. With brakes	„	38.00

b. Others	100 kilograms	10.40
C. Others	Ad valorem	15.0%
5. Others	„	15.0%
Vessels		
1. Propelled by mechanical force and loading capacity counted by tonnage		
A. Age not over 20 years	„	10.0%
B. Others	„	12.5%
2. Others		
A. Propelled by mechanical force	„	10.0%
B. Others	„	10.0%
Pumps (including ventilators and gas compressors)		
1. Operated by man power		
A. Made of iron and steel	Ad valorem	12.5%
B. Others	„	12.5%
2. Others		
A. Weighing not over 500 kilograms	„	10.0%
B. Others	„	7.5%
Hydraulic presses	„	10.0%
Compression filters and parts thereof	„	10.0%
Centrifugal separators (excepting those for agriculture use)		
1. Operated by man power	„	12.5%
2. Others	„	10.0%
Chain-block, capstans, winches, cranes, and any other wind-lasses, etc.		
1. Chain-block		
A. Weighing not more than 50 kilograms	„	10.0%
B. Others	„	10.0%
2. Perpendicular motor-hoists with or without trolleys		
A. Weighing not over 100 kilograms	„	10.0%
B. Others	„	10.0%
3. Cranes	„	10.0%
4. Others		
A. Operated by man power	„	10.0%
B. Others	„	10.0%
Welding machines or apparatus	„	10.0%
Equipment and machinery for beating out metal	„	5.0%
Machines for metal work and wood work and hard matter manufacturing machines, n. o. r.		
1. Operated by man power	Ad valorem	10.0%
2. Operated by motor		
A. Weighing not over 5 kilograms	„	10.0%
B. Weighing not over 20 kilograms	„	10.0%
C. Weighing not over 50 kilograms	„	10.0%
D. Others	„	10.0%
3. Others		
A. Weighing not over 5 kilograms	„	10.0%
B. Weighing not over 15 kilograms	„	10.0%
C. Weighing not over 50 kilograms	„	10.0%
D. Others	„	10.0%
Accessories of machines for metal work and woodwork and hard matter manufacturing machines, n. o. r.		
1. Blade implements		
A. Saw		
a. Round saw		
b. Others	„	10.0%
B. Bites	„	10.0%
C. Drills, reamers, screw-taps and dies	„	10.0%
D. Gear-cutters	„	10.0%
E. Others	„	10.0%
2. Others	„	10.0%
A. Goods made of emery and any other similar polishing material	„	10.0%
B. Others	„	10.0%
Smelting furnaces and coke furnaces and accessories thereof, n. o. r.	„	5.0%
Drilling machines, coal crackers, crushers, coal selectors, mine selectors, boring machines, dredging-machines and accessories thereof, n. o r.		Free
Farming machines and accessories thereof		Free
Gins	„	10.0%
Cereal-cleaning machines, rope manufacturing machines and mat manufacturing machines	„	10.0%
Flour milling machines and machinery for preparing for flour milling	„	10.0%
Pulp manufacturing machines	„	10.0%

Fire pump and fire extinguishers	Ad valorem	7.5%
Ground rollers and concrete agitators	„	10.0%
Printing machines		
1. Operated by man power	„	12.5%
2. Others	„	12.5%
Buckets and grabs (for transit, dredge or drill use)	„	7.5%
Parts of spinning machines, n. o. r.	„	12.3%
Chains and parts thereof and belts (for machines)		
1. Made of iron and steel		
A. For bicycles	„	150.%
B. Others	„	10.0%
2. Made of leather	„	10.0%
3. Others		
A. Made of rubber	„	10.0%
B. Others	„	10.0%
Machines and equipment, n.o.r.	„	12.5%
Accessories of machines and equipment, n.o.r.		
1. Axes, arbors, spindles		
A. Straight axes	„	10.0%
B. Others	„	10.0%
2. Shaft-coupling		
A. Box-coupling and flange-cupling	„	10.0%
B. Others	„	10.0%
3. Wheels and comb		
A. Cog-wheels		
a. Made of iron steel	„	10.0%
b. Others	„	10.0%
B. Others		
a. Made of iron and steel	„	10.0%
b. Others	„	10.0%
4. Rolls and rollers		
A. Made of iron and steel	„	10.0%
B. Others	„	10.0%
5. Oil-jars or pots and greasejars or pots		
A. Made of metal	„	10.0%
B. Others	„	10.0%
6. Others	„	12.5%

No. 12 Miscellaneous

Rubber, gutta percha and manufactures thereof, n.o.r.		
1. Rubber and gutta percha for dental use		
A. Plates	1 kilogram (including packages)	1.30
B. Others	Ad valorem	15.0%
2. Round cushions, waterbottles, and water pillows	100 kilograms	51.80
3. Ice-bags, nipples and fingerstalls	1 kilogram	1.70
4. Erasers	Ad valorem	17.5%
5. Others		
A. Vulcanite		
a. Bars, plates and tubes	„	17.5%
b. Others	„	20.0%
B. Others		
a. Bars and plates (including mats)	„	20.0%
b. Elastic cords, strings, tubes and coils	100 kilograms	27.40
c. Stoppers, plugs, etc.	„	13.80
d. Others	Ad valorem	20.0%
Waste and old rubber and gutta percha (fit for re-production)	„	7.5%
Celluloid and celluloid goods, n.o.r.		
1. Ingots, bars, plates and tubes	100 kilograms	49.70
2. Others	„	70.40
Carbonaceous artificial resin (bakelite, etc.) and manufactures thereof, n.o.r.		
1. Powder, bars, plates and tubes	„	34.10
2. Others	„	89.10
Artificial organic material capable of being made into articles of any shape and manufactures thereof		
1. Clear paper (cellophane, etc.)		
A. Colorless and plain	„ (including paper put in)	29.40
B. Others	„ (including paper put in)	48.00
2. Other substitutes for rubber	Ad valorem	15.0%
3. Others	„	20.0%
Linoleum and any other similar carpets for floor use	100 kilograms	16.80
Shirtings and sheetings or paper covered with tar, asphalt and grease (to be used for attics and ship's bottom)		
1. Other articles made chiefly of paper	„	1.90
2. Other	Ad valorem	17.5%
Mixture of rubber, gutta percha or artificial organic material capable of being made into goods of any shape, with textile fabrics, paper and asbestos, n.o.r.		
1. Hose		

A. Reinforced by only textile fabrics	100 kilograms	10.20
B. Others	„	12.00
2. Belting for machine use	„	17.30
3. Others		
A. Made of asbestos		
a. Plates	Ad valorem	12.5%
b. Others	„	12.5%
B. Others		
a. Made of carbonaceous artificial resin	„	20.0%
b. Others	„	20.0%
Interlocking-fastners	„	22.5%
Films for cinema use		
1. 35 mm. in width		
A. Sensitive and unexposed		
a. For positives	„	10.0%
b. Others	„	10.0%
B. Developed		
a. Talkie films	1 kilogram	3.00
b. Others	„	1.50
C. Others	Ad valorem	20.0%
2. Others	„	30.0%
Films for photograph use, n.o.r.		
1. Films for X-ray	„	15.0%
2. Others		
A. Sensitive and unexposed	„	25.0%
B. Others	„	20.0%
Records for gramophones or musical instruments		
1. Records for gramophones	„	25.0%
2. Others	„	30.0%
Fountain-pens, ever-sharp pencil, penholders and parts thereof (excepting pens)		
1. Trimmed by precious metals, metals plated with precious metals, precious stones, pearls, ivory, amber, cameo, tortoise shell	Ad valorem	40.0%
2. Others		
A. Penholders	„	17.5%
B. Others	„	25.0%
Comb		
1. Made of wood		
A. Made of boxwood	„	22.5%
B. Others	„	22.5%
2. Made of bamboo	„	22.5%
3. Made of horn or bone	„	22.5%
4. Others	„	22.5%
Brushes		
1. Shaving brushes and toilet brushes	„	30.0%
2. Tooth brushes		
A. With handles made of bamboo	100 kilograms (including packing)	32.60
B. Others	„ (including packing)	52.80
3. Hair-brushes (including painting-brushes)	Ad valorem	17.5%
4. Others		
A. Made of vegetable fibre		
a. Without holders	100 kilograms	9.00
b. Others	Ad valorem	17.5%
B. Others		
a. With handles made of metallic wire	100 kilograms	23.90
b. Others	Ad valorem	22.5%
Trunks, suit cases and other travelling bags	„	25.0%
Toys	„	17.5%

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